

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Friday August 21 1987

UK gun massacre and
the case for tighter
arms controls, Page 6

No. 30,317

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World News

Sri Lanka
investigates
foreign link
with attack

Sri Lankan authorities began inquiries into whether an attacker, who tried to kill President Junius Jayewardene in a grenade attack on Tuesday had been from abroad.

Prime Minister Ranasinghe Premadasa, injured in the attack, said investigators were working on a theory that it was "internally motivated and externally assisted". Official sources said police had detained four people for questioning. Page 3

Gulf conflict halted

Bad weather appeared to have delayed the latest US-escorted convoy of reflagged Kuwaiti tankers on its journey up the Gulf. Page 3

Russian ordered out

Japan ordered the expulsion of a Soviet deputy trade representative following Moscow's expulsion order to Japan's naval attaché in Moscow and a Japanese businessman. Page 4

Contra idea rejected

The US Administration considered, but decided against, pressuring South Africa to help Nicaragua's Contra rebels, a CIA official said. Page 4

Bhutto leads march

Opposition leader Benazir Bhutto led an anti-government march through Karachi partly to dispel suggestions that she would quit politics after her forthcoming arranged marriage. Page 3

Hungarians warned

Hungarians must accept austerity as the country tackles its economic problems and cannot expect living standards to rise before the 1990s, Deputy Prime Minister Laszlo Marothy warned. In a speech, formerly Dutch Govt, he said it would take the Netherlands to the International Court of Justice to try to force it to resume development aid payments suspended on human rights grounds after a mass murder in 1982. Page 2

Libyans 'repelled'

Chad said it beat off four ground and air attacks on the town of Aouzou mounted by Libyan forces trying to recapture the disputed border zone. Page 2

Solidarity spending

Poland's banned Solidarity trade union was to spend \$1m voted to it by the US Congress on medical aid in Poland. Page 2

Hess funeral delay

Hitter's deputy Rudolf Hess will not be buried this week in Wunsiedel, the mayor of the town said last night as Hess's family considered whether to order a second autopsy. Page 2

Food for Africa

The UN Food and Agriculture Organisation approved emergency food aid worth \$20.5m for refugees, displaced people and drought victims in Africa. Page 2

Anti-AIDS pack

Denmark would give 800 of its development workers in Africa special protection against blood plasma and haemophiliac needles to reduce the risk of catching AIDS, the Danish Foreign Ministry said. Page 2

Titanic treasure

A small leather valise stuffed with valuables and bank notes was plucked from the wreckage of the Titanic, the first treasure retrieved from the sunken ocean liner by a salvage expedition. Page 17

Pleas to scientists

President Ronald Reagan and Soviet leader Mikhail Gorbachev, in messages to an international seminar in Sicily on nuclear war, called for more openness and co-operation among scientists. Page 15

Business Summary

HBJ puts magazine business up for sale

HARCOURT BRAE Jevons, US publishing house that recently repelled a takeover bid from Mr Robert Maxwell of the UK, has put its magazine publishing business up for sale for an asking price of about \$400m. Page 15

PLESSEY, UK electronics group, may discontinue quarterly reporting following a decision to relax listing requirements for foreign companies. Page 15

COCOA prices continued to lose ground on the London futures market yesterday, although they staged a modest rally in late

trading. The December position

dipped to £1,275 a tonne at one stage before closing 20 down on the day at £1,280.10 a tonne. Tomorrow. Page 22

TOKYO: Renewed buying interest in large-capitals, utilities and chemicals lifted the Nikkei average out of a week-long slide to end 164.98 higher at 25,396.57. Volume was up to over 1bn shares and worries over the sliding dollar receded. Page 24

WALL STREET: The Dow Jones industrial average closed up 40.97 at a record 2705.79. Page 24

GOLD rose \$100 on the London bullion market to close at \$458.75. In Zurich it fell to \$456.15 (\$456.25). Page 22

DOLLAR closed in New York at DM1.8345, Y144.7, SFr1.5195 and FFr1.126. It fell in London to DM1.8410 (DM1.8405); to Y144.10 (SFr1.5145); and to FFr1.125 (FFr1.1475). On Bank of England figures the dollar's exchange rate index fell from 102.5 to 102.0. Page 23

STERLING closed in New York at £1.6135. It rose in London to \$1.6100, but fell to £1.6050 (DM1.9550 (DM1.9575); to Y223.75 (Y234.50); to SFr1.4757 (SFr1.4675); and to FFr1.0150 (FFr1.0400)). The pound's exchange rate index fell 0.2 to 72.4. Page 23

DUTCH Cabinet recommended to Parliament that a minority in NV DSM, the Dutch state chemical group, be floated on the Amsterdam stock exchange in 1988 or 1989. Page 16

PHEMACHIA, Swedish biotechnological and pharmaceuticals group, said group profits (after financial items) were unchanged in the first six months at SKr426m (\$66.2m) despite a 6 per cent sales rise. Page 16

VIAZ, West German energy, aluminium and chemicals group, should see earnings reach last year's level of DM107m (\$58.4m) despite a 9 per cent fall in turnover to DM5.126m against DM5.58m in the first six months of 1986. Page 17

BAF, one of the three big West German chemical groups, reported a 3.7 per cent rise in first-half profits. Page 17

INTERNATIONAL MINERALS & CHEMICALS, US diversified farm chemicals company, is to sell a large part of its fertiliser business to the public in an effort to move its business base from its heavy dependence on the US farm economy. Page 15

US aims for better links with Syria but UK holds back

BY LIONEL BARBER IN WASHINGTON AND ANDREW GOWERS IN LONDON

WASHINGTON is to send its ambassador back to Syria in an important step to improve relations between the two countries following signs that Syria has distanced itself from terrorism and is using its influence in Lebanon to free hostages held there.

But Britain, which initiated a period of diplomatic isolation for Syria last October when a London court implicated Syrian officials in a plot to blow up an Israeli airliner at London's Heathrow airport, indicated yesterday it has no plans to follow suit.

Other factors in the American move may include an awareness that Syria would have to play an important role in any future international peace conference on the Middle East, and Syria's links with Iran, which have taken on additional significance in the light of the Gulf crisis.

The Administration's growing military commitment in the Gulf - underscored by yesterday's news that it is sending more minesweepers to help escort Kuwaiti oil tankers - has recently encouraged a new US diplomatic interest in Damascus.

Iraq yesterday apparently sought to capitalise on the continuing US interest in the hostage issue by reiterating its offer to swap US hostages held in Lebanon for Shia prisoners in

Continued on Page 14

breaking out of its diplomatic isolation by the West. The European Community has already decided to end its ban on high-level visits to Damascus.

The US' recent decision to close the Damascus office of the Abu Nidal Palestinian terrorist group and unspecified other actions as evidence that it is distancing itself from terrorism.

Some American officials hope that Syria would be able to exert pressure on Iran in the bloody conflict with Iraq. The US, along with its Western allies, is pressing hard for an end to the war and is interested in an international arms embargo on whichever of the belligerents does not respect a recent UN Security Council ceasefire call.

British officials reacted coolly to the American move. They said London had been aware for some time of US moves towards the restoration of full ties, but little action was anticipated.

Britain acquiesced in the EC decision to lift the ban on high-level visits to Syria but it

Continued on Page 14

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Swedish groups close to deal on Saudi oil storage

BY KEVIN DONE IN STOCKHOLM AND ANDREW GOWERS IN LONDON

TWO leading Swedish construction groups, ABV and Skanska, said yesterday they were close to agreeing contracts with Saudi Arabia on the construction of the first stage of an extensive system of strategic underground oil product storage caverns.

The contract for the first phase would be worth close to oil which had been discussed earlier. The Saudi government has stockpiled large amounts of crude oil, as distinct from refined products, aboard tankers belonging to a subsidiary of its state oil company Petromin, known as Nobex. However, since the Saudis had already agreed to switch to using storage facilities onshore in Rotterdam, Louisiana and the Caribbean.

The two Swedish companies, operating in a joint venture called the ABV Rock Group, have been negotiating with the Saudi authorities on the strategic oil product storage programme for the last seven years, initially in competition with several other West European construction groups.

ABV said yesterday that the group had already signed an agreement with the Saudi authorities during the summer on the technical concept for the project, as well as forms for future co-operation.

Payment for the project would be in cash rather than oil which had been discussed earlier, said Mr Lennart Hallberg, a spokesman for ABV.

Earlier Saudi demands for a barter deal to pay for the plan were believed to have delayed it, since the Swedish companies wanted to use to find buyers for the oil involved.

Mr Hallberg said that final negotiations on the first phase of the project were expected to start in about two weeks and could be concluded in "about two months, if we are lucky". The first geological investigation could begin around the turn of the year.

The first phase would include the building of basic infrastructure such as roads and construction camps, as well as design and construction work and com-

pleted. The first phase would be at a cost of \$100m and would be completed in about two years.

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The No.1 shaft is one of the oldest operating shafts in the Orange Free State and its ore is almost exhausted. Mr Ramaphosa said yesterday that union members had told management they preferred to return home rather than go back to work.

Other employers appear to be toughening their stance as the strike moves towards the end of its second week. Johannesburg Consolidated Investment (JCI), which is controlled by Anglo American, has told 4,000 men to return to work at the Randfontein gold mine or face a lock-out.

Gencor, the second largest of the mining houses, has threatened disciplinary action against 20,000 strikers at the group's four Evander gold mines. This, the union believes, is tantamount to a lock-out.

Yesterday Mr Rely repeated his group's offer to talk to the union on non-wage issues. Mr Ramaphosa replied that further talks with Anglo were made difficult by what he said were continuing attacks on our members.

Trial of strength, Page 13

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EUROPEAN NEWS

Moscow orders Japan's naval attaché out

THE SOVIET UNION has ordered the expulsion of Japan's timing but he had not complied, the ministry said.

A Japanese businessman to leave the country, a Foreign Ministry spokesman said yesterday, Reuter reports from Moscow.

Mr Gennady Gerasimov told a news briefing that the ministry had summoned the Japanese ambassador on Wednesday and alleged that the naval attaché and the Japanese defence attaché had been involved in spying in the Black Sea port of Odessa.

Mr Gerasimov, who named the naval attaché only as Mr Takeshima, said: "It was said that it was impossible for Mr Takeshima to stay in the Soviet Union any longer."

The businessman living asked to leave the Soviet Union was the deputy representative in Moscow of Mitsubishi Corporation, he said.

In Tokyo, the Foreign Ministry announced that Japan had ordered the expulsion of a Soviet deputy trade representative.

Japan had been asking the representative, Mr Yuri Pokrovsky, whom it had alleged had been involved in industrial spy-

West boost for Soviet computers urged

A SOVIET scientist wants to form a joint venture with Western companies to boost the quality of Soviet personal computers, the Communist Party newspaper Pravda said yesterday. Reuter reports from Moscow.

It said Mr Boris Naumov, who once worked as a professor at a US technological institute, proposed setting up a joint venture with one or two Western companies to get round restrictions on exports of computer parts to the Soviet Union.

I have no doubt that even the first output of the joint personal computer firm will be of a quality that would make (President Ronald) Reagan gasp," Mr Naumov was quoted as saying.

Head of a Soviet technical complex called "Personal Computers" Mr Naumov suggested the joint company could buy parts freely on sale in the West which he said were outside the ban on the export of computer components.

He said the company could produce tens of thousands of personal computers a year and help raise an individual worker's output by about 10 times.

Under Soviet law, at least 51 per cent of joint ventures with foreign companies on Soviet soil must be Soviet-owned.

The survey points out that

Investment in EC manufacturing 'set to rise by real 5%'

BY TIM DICKSON IN BRUSSELS

INVESTMENT in European Community manufacturing companies looks set to increase by 5 per cent this year in real terms, according to the European Commission's latest business and consumer survey.

It said Mr Boris Naumov, who once worked as a professor at a US technological institute, proposed setting up a joint venture with one or two Western companies to get round restrictions on exports of computer parts to the Soviet Union.

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First big fall for Turkey's stock exchange

By David Burchard in Ankara

TURKEY'S stock exchange, set up in December 1985, is experiencing its first big fall after a surge in share prices over the past few months.

Prices of many of the shares of the 48 companies traded on the Istanbul exchange have dropped in the last week, and the volume of daily transactions has fallen from TL 2,000m (£1.4m) to TL 347m.

The fall appears to have begun partly as profit-taking after a week in which share prices rose by an average of 68 per cent.

Investors this week have been trying to sell and what is described as "an atmosphere of mild panic" has consequently developed.

The head of the capital markets board Mr Ismail Turk told Turkish newspapers yesterday that there could be no question of an official intervention to halt the fall. "This is a market and prices naturally rise and fall," he said.

Mr Naci Maksimiyadis, head of a local securities firm, Turkinvest, said that he regarded the fall as predictable. "You have to remember that this is a market of only TL 1,000m shares of which not 10 per cent are traded," he said.

Zimbabwean MPs vote to abolish whites-only seats

By TONY HAWKINS IN HARARE

A CHAPTER of Zimbabwean history came to an end on Wednesday night when black and white MPs in the House of Assembly voted unanimously to abolish the seats in parliament specifically reserved for whites.

The legislation will become law next month after it has been approved by the Senate. Surprisingly even the rump of Mr Ian Smith's Conservative Alliance which has been expected to oppose the motion, voted for it, but its parliamentary leader, Mr Mark Partridge said afterwards his supporters would abstain when the bill is given its third and final reading. He explained that while his supporters supported the principle they disapproved of the interim representation arrangements whereby the 80 elected black MPs will select the 20 new members who will replace the unseated whites.

Mr Robert Mugabe, the Zimbabwe Prime Minister, has several times promised that he would retain non-racial representation in parliament and that at least some of the new MPs would be whites.

The 20 reserved seats in the

Confident air as Algiers learns to relax its hold

By FRANCIS GHILES

THE political temperature in Algiers tends to move up and down with the price of a barrel of oil. So it is that, despite a host of troubles which have crowded in on Algeria's President Chadli Bendjedid over the past year, the atmosphere in the capital has recently been surprisingly relaxed — spilling over last month onto the streets in the form of lively celebrations to mark the 25th anniversary of the country's independence from France.

The trial of supporters of former President Ben Bella, who since his departure from the country has kept up a constant barrage of criticism against Algerian leaders, has evoked little more than indifference among the population at large. Separately, four death sentences passed last month after a trial of 200 Moslem fundamentalists who, after stealing weapons from a police barracks led the security forces to a dance for more than 18 months, appear to have elicited no response at all.

There are other reasons why the Government seems to be feeling more confident these days. The political climate has undoubtedly been improved in recent signs of a more lenient approach to opposition. In the spring, the leading Algerian trial had been postponed after last November's riots in the eastern towns of Setif and Constantine were all released. So were the founder of the first ever Human Rights League in Algeria, Maitre Abdouen Ali Yahia and eight of his friends who had been imprisoned for eight years in December 1985.

Algiers has been taking advantage of rising foreign direct investment to reduce its arrears with foreign companies which accumulated at the end of last year.

Even in the Maghreb, where friction and shifting alliances between states sometimes seems an almost permanent condition, things are not looking as bad as they were. President King Hassan of Morocco last April and soon afterwards there was the first prisoner exchange between the two countries since the conflict over the Western Saharan began.

The Algerian and Moroccan foreign ministers have since met a number of times. Algeria's cutbacks on imports have affected arms like everything else, a clear sign that it does not expect the conflict to continue.

Libya, for its part, seems less troublesome than hitherto. Following strong protests from Algiers, Col Muammar Gaddafi has begun compensating Tunisia for the losses it suffered after \$2,000 of its nationals were expelled from Libya two years ago. Some observers believe Libya may soon join the treaty of non-aggression and co-operation which binds Algeria, Tunisia and Mauritania. However slow and halting progress may be, relations between the five countries of North Africa look more settled — the Western Sahara issue notwithstanding — than between most other groups of states in the Arab world.

Perhaps most importantly, President Bendjedid finally seems to have regained the political initiative which last year seemed to be slipping from his hands as a result of ill health and sliding oil prices.

There are several strands of evidence for this:

- Last December, the President sacked his chief of staff, Gen Mostafa Belouizid. The reasons for the move have never been explained, but Gen Belouizid is known to have upset many of the "old guard" officers whose privileges he was allegedly seeking to curtail.
- The new National Assembly, elected in March, is younger than its predecessor, far better educated (70 per cent of all deputies hold a degree), and seems keener about the moves the presidency wishes to encourage to "unshackle" Algerian society. Earlier this month it passed a freedom of association law — the first time since independence that the monopoly of the ruling Front de Libération National party had been breached.
- A new Interior Minister, Mr El Hadi Khedir, has been appointed. Mr Khedir, a former internal security chief, fully supports the new freedom of association law. Furthermore, his appointment should help to rationalise parts of the Algerian

Solidarity to spend \$1m from US Congress on health care

By CHRISTOPHER BOBINSKI IN WARSAW

THE LEADERSHIP of Solidarity, the Polish underground trade union movement, has decided to spend on medical aid in Poland the \$1m grant voted recently by the US Congress.

Mr Lech Walesa, the Solidarity leader, has written to Congress that in spite of his movement's pressing "organisational needs" problems with health care were so great that the money would be better spent there.

The Polish authorities have said that the Congress vote showed that Solidarity was little other than a US-financed

organisation.

Mr Jerzy Urban, the Government spokesman, mocked Solidarity for having "decided to commit political heresy for money."

He said: "This is the end of the legend that the Solidarity leaders are working for the Polish interest."

The Congress grant has caused embarrassment to Solidarity's leaders who until now have received aid from Western trade unions, including the US union federation, the AFL-CIO.

The \$1m medical aid fund will be handled by an office affil-

iated to the AFL-CIO which was at first disconcerted by the strong right-wing backing for the Congress vote.

Congress has also voted \$10m for the Polish church's aid to agriculture scheme and \$2m for a US-built hospital in Poland.

The grant to the agriculture fund is to be repeated in 1988 while 40,000 tonnes of agricultural commodities are to be donated to Polish "non-governmental agencies" between 1988 and 1992 under the terms of a motion now before Congress.

While close co-operation among the Western allies would normally be part of preparations for such a superpower summit, US officials say such co-operation would be handled through normal diplomatic channels and no allied summit conference would be needed. The last Nato summit of heads of government and state took place in Brussels in 1985 after President Reagan and Mr Gorbachev had met in Geneva.

White House denies US seeking NATO summit

THE White House yesterday denied press reports that President Reagan was seeking a summit of Nato leaders, probably in New York in the autumn, Reuter reports from Santa Barbara, California.

"There is no such meeting planned," presidential spokesman Martin Fitzwater said. "The story is not true."

Press reports in Tokyo and Bonn said Mr Reagan was seeking a summit of the 16 Nato allies and Japan to discuss arms control and other issues. West German government sources had also said that Washington had begun sounding out Nato opinions on a meeting and British officials in London had indicated that Nato members and Japan were considering a summit to discuss arms control and East-West relations.

Mr Fitzwater noted that Mr Reagan would travel to the United Nations General Assembly in New York this autumn and undoubtedly said he would order a second autopsy.

Mr Walter had earlier said he was due to meet Mr Wolf-Ruediger Hess today.

Hess, the last surviving top member of the Nazi hierarchy, was found choked with an electrical cable around his neck.

Possible second autopsy delays Hess burial

RUDOLF HESS, Hitler's deputy, will not be buried this week in Wunsiedel in West Germany as expected, the mayor of the town said last night as Hess's family considered whether to order a second autopsy, Reuter reported.

There will be no funeral this week," mayor Mr Karl Walter said after a surprise meeting at the town hall with Hess's son, Mr Wolf-Ruediger Hess and his former lawyer, Mr Alfred Seidl.

The lawyer said Mr Wolf-Ruediger Hess would make a statement from Munich today on whether the family would order a second autopsy.

Mr Walter had earlier said he was due to meet Mr Wolf-Ruediger Hess today.

Hess, the last surviving top member of the Nazi hierarchy, was found choked with an electrical cable around his neck.

Summer stripping is common in the parks of Munich and Frankfurt, Haig Simonian reports

Sunseekers take nudism to W German city centres

THE guidebook said nothing about nudity. Last month the quiet sunshine stroll in the depths of the Taunus hills, just north of Frankfurt, searching for the ruins of Hattstein castle, was meant to be a pleasant intellectual distraction, not an unexpected shock.

In fact, the ruins were so significant they were overlooked somewhere up the path. Missing the naked bodies of the dozens of young Germans cavorting round a small pool in the depths of the forest clearing was another matter. It could have been the setting for "A Midsummer Night's Dream" though in this case the young cast was less enthralled by its, albeit unwilling, audience than the normal actors depicting Tatiana and her crew.

What the incident again showed was that nudism is big in West Germany. The recent wave of cooler weather obliged all but the hardiest naturists to wrap up warmly but come the sunshine and increasingly large numbers of Germans are stripping off again.

It is just an out-of-town phenomenon. Quite the opposite; the most dedicated German sun-seekers generally tend to be urban. Perhaps a more conservative moral code applies

in the country, where Germany's Evangelical and Roman Catholic churches still exert a strong influence. Certainly, many of the cars parked down the road leading to my Taunus idyll had Frankfurt, Wiesbaden or even Mainz city number plates.

Swimming, playing ball or just plain sunbathing in the nude out in the country is clearly popular for angst-laden German city-dwellers. But in a country best known for its material success, outsiders tend to forget the strong tendency for romanticism in German folk culture. The forest, fresh air and natural beauty, are all deeply rooted in German literature and music.

But in Germany there has to be a scientific reason too. Perhaps the popular penchant for sun-seeking goes back as far as the turn of the century, when a vigorous campaign was waged to fight "the English disease" of rickets, which took hold of many children living in the damp, lightless back courtyards of city-centre tenements. Youngsters were encouraged to get out into the fresh air and sunshine, where the vitamin D would help to prevent bones buckling.

In the 1920s came the

removal of all, rather than part, of their clothes to do so.

Munich has the biggest reputation for city-centre nudity. It could just be its southern mentality, although it is hard to imagine the average Bavarian burger having much truck with nudity. Nor, in the case of many Bavarian men, who are known to like their beer and Wuerst, and have figures to prove it, would it be a particularly pleasant sight.

It could just be Munich's more southerly climate which encourages many locals to strip

lunchtime when the numbers are swollen by nearby office workers.

Germany's summer stripping brings with it an equally seasonal crop of newspaper articles. Bild Sehnsucht, the down-market popular daily which never uses a two-syllable word where one will do, makes the subject a speciality. Short and pithy articles investigating German sun worship are usually accompanied by large photographs of shapely naked young women explaining why they like to sunbathe in the nude.

Meanwhile, health-obsessed Germans have not yet latched on to the skin cancer scare. AIDS remains entrenched as the top disease in the news at present. But if too many Germans decide to make a fad of naked beachside sunbathing this summer, it may have to move over for melanoma.

Frankfurt's Grunewald park has no shortage of nude sunbathers when the temperature soars.

But the most plausible explanation is the city's convenience and attractive parks. Both the beautiful Englischer Garten, a large park with a lake, and the attractive banks of the River Isar, seem to offer the right balance between atmosphere and theoretical seclusion.

Meantime, health-obsessed Germans have not yet latched on to the skin cancer scare.

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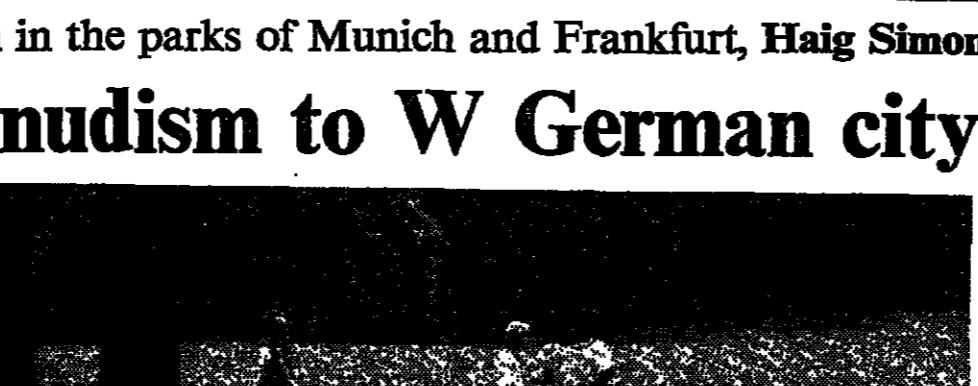
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100-member House of Assembly and 10 seats in the 40-member Senate that have been abolished were entrenched in Zimbabwe's independence constitution at the Lancaster House conference in 1979. However, the reserved clause expired this year and the Mugabe Government has now implemented its long-standing promise to remove Zanu-PF party strongly opposed at the Lancaster House talks.

While there is still white resistance to the changes, regarded as inevitable, Mr Partridge warned that as many as half the country's estimated 100,000 whites will leave the country over the next few years. While this is almost certainly a substantial exaggeration, it is expected that the rate of migration which declined sharply in 1986/87 will pick up again over the next two years thought not to the extent envisaged by Mr Partridge.

In recent weeks a number of white MPs have crossed the floor and joined Zanu-PF in the hope of being nominated for the vacant seats.

The 20 reserved seats in the



The Grunewald park in Frankfurt has no shortage of nude sunbathers when the temperature soars.

OVERSEAS NEWS

S. African report urges radical taxation reform

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICA's tax structure will be altered radically if the Government accepts the proposals of a commission of inquiry.

The Margo Commission's report, released in Cape Town yesterday by President P. W. Botha, recommends a comprehensive restructuring intended to restore fairness and neutrality to a system which has given rise to widespread legal avoidance and tax evasion, and whose tax base has been significantly eroded.

The report finds that the present system is resented by urban blacks. It recommends lower rates of conventional taxes on income and sales provided that a new Comprehensive Business Tax (CBT) is levied on a broad corporate activity base.

It is proposed that the CBT base be the sum of all incomes generated by a business's activities. This would include salaries, wages, interest, royalties, rent, profit and depreciation but would exclude gross investment.

The report argues that taxation of corporate profits alone is inadequate as the state's income can fluctuate sharply, while the new base proposed for the CBT will provide



President P. W. Botha

This, in turn, will be coupled with fewer exemptions and will, it is hoped, lead to a higher level of tax morality, fewer incentives to avoid or evade tax and encourage the taking of business decisions on economic rather than tax-saving grounds.

Tax morale among white South Africans has deteriorated sharply in recent years as individual income taxes and general sales taxes have increased as a proportion of the total tax burden.

The Margo Commission has aimed at equity for the poorer, mainly black, sections of society by suggesting better targeting of assistance.

It suggests, therefore, that food should not be exempted from general sales tax as it is at present and that direct assistance such as food stamps be distributed to needy people.

This principle is extended to the corporate sector with the suggestion that exemptions intended to achieve specific economic objectives are not granted.

Rather, the commission suggests, tax exemptions should be replaced by direct and precisely targeted subsidies or assistance.

adequate protection for the state from the effects of inflation and the business cycle.

The main intention of the proposal is to broaden the tax base considerably and to keep tax rates low.

If the CBT is introduced, the commission believes general sales tax can and should be cut from its present 12 per cent to 4 per cent and significantly lower rates of private and corporate income taxes will be possible.

Weather delays Gulf convoy

BY TONY WALKER IN BAHRAIN

HIGH WINDS, heavy seas and poor visibility appear to have temporarily delayed the latest US escorted convoy of Kuwaiti tankers on its journey up the Gulf coast.

Late yesterday, the convoy which includes three tankers and six US warships was reported to be anchored off the Saudi Arabian port of Ras Tanura just north of Bahrain.

This is the third US escorted convoy to attempt the 550-mile voyage from waters outside the Strait of Hormuz to Kuwait in the northern Gulf since the American re-flagging operation began in July.

The bad conditions in the northern Gulf yesterday are believed to have made it difficult for sea station mine hunting helicopters to operate. The huge Sikorsky helicopters use

a sonar device drawn through the water by a cable to detect mines. This exercise requires relatively calm conditions.

The Sea Stallions are operating from the US Marine assault vessel USS Guadalcanal which

resembles an aircraft carrier

with its large "flat top" deck. Other US warships in the convoy are the cruiser Warden, the guided missile destroyer Kidd, and the frigates Crommelin, Klaarking and Jarrett.

The Kuwaiti tankers flying the "Stars and Stripes" are the 298,000-ton petroleum ship Townsend, the 46,000-ton liquefied gas carriers Gas Queen and Gas Princess.

Meanwhile, it has been reported that on Wednesday an Iranian navy frigate fired warning shots across the bows of a Yugoslav cargo vessel as it was

steaming off Dubai in the central Gulf. Iranian officers then boarded the 5,597-ton Bririr to inspect its cargo before allowing it to continue its journey.

Iran has been stopping ships

regularly for the past several years in the southern and central Gulf in an effort to deter the shipment of arms to Iraq by way of Kuwait.

The incident involving the

Yugoslav cargo vessel took place about 40 miles astern of the latest US escorted convoy of Kuwaiti tankers as they sailed northwards towards Kuwait.

Shipping sources said the

Iranian frigate fired shots

across the Bririr's bows after it ignored an order to stop. No shots hit the cargo vessel.

Chad beats off Libyan attack on Aouzou

BY GEORGE GRAHAM IN PARIS

CHAD HAS repulsed a second Libyan counterattack on Aouzou, in the strip of territory disputed by the two countries, the commander-in-chief in Paris said yesterday.

The attack took place on Wednesday, the ambassador said, adding that Chadian troops had shot down a Libyan MiG 23 fighter aircraft and a combat helicopter.

Aouzou was captured by Chad on August 8, and a first Libyan counterattack was beaten off on August 14.

Chadian officials in Paris have indicated their disappointment at France's reluctance to back their move into the Aouzou strip in the north of the country. They have sought air support and armaments,

Bhutto leads Karachi march

OPPOSITION leader Benazir Bhutto led a marathon anti-government march yesterday through Pakistan's biggest city partly to dispel fears she would quit politics after her forthcoming arranged marriage, Reuter reports from Islamabad.

Miss Bhutto, 24, toured Karachi for 16 hours and addressed a total of 100,000 people at 12 places, members of her Pakistan People's Party said.

Party officials said Miss Bhutto wanted to counter the view that her planned marriage had eroded her support.

Benazir, daughter of executed former Prime Minister Zulfikar Ali Bhutto, announced her engagement in London last month to Karachi businessman Mr Asif Ali Zardari.

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Interest accrued on the Notes on the Redemption Date will be paid as specified above, and on and after the Redemption Date interest will cease to accrue on the Notes. All unpaid interest installments represented by coupons which shall have matured on or prior to the Redemption Date shall continue to be payable to the bearers of such coupons severally and respectively, and the holders of the Bearer Notes called for redemption shall receive such unpaid installments of interest only upon their presentation and surrender of coupons representing such installments. NO PAYMENT IN RESPECT OF ANY PORTION OF THE REDEMPTION PRICE WHICH REPRESENTS ACCRUED INTEREST ON A BEARER NOTE SHALL BE MADE IN THE UNITED STATES. Accrued interest on Registered Notes which is payable on the Redemption Date shall be payable to the holders of such Notes upon the presentation and surrender of such Notes.

J. C. PENNEY OVERSEAS FINANCE N.V.
By: D. A. McKay
Managing Director

Dated: August 21, 1987

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Residents of Beirut join in protest

CHRISTIANS and Moslems joined hands in a "human chain" across the city's dividing Green Line yesterday in the first such protest against the 12-year-old civil war, AP reports from Beirut.

An estimated 4,000 men, women and children of all ages, most of them dressed in white, held hands across the high sand rampart that divides Beirut into sectarian halves.

"Yes, yes, yes to Peace," chanted the group of Christian demonstrators as they headed from east Beirut toward the capital's Moslem half.

"We want only one Lebanon," shouted the Moslem marchers as they walked slowly toward the east across the Muslem Gate that connects Beirut's two sectors.

Children, most of them under 10 years old, then rushed from both sides of the Green Line, climbed up the rampart and joined hands to link up in what the organizers called a "human chain."

A white-clad Moslem woman, her eyes brimming with tears, walked as two boys - Hisham Mohamedine, 8, a Moslem and George Karan, a 5-year-old Christian - joined hands on top of the rampart.

"It is a white day in our dark life," commented the Moslem-controlled Voice of the Nation radio

Colombo investigates assassination bid

SRI LANKAN authorities began inquiries yesterday into whether an attacker who tried to kill President Junius Jayewardene had help from abroad. Reuter reports from Colombo.

Prime Minister Mr Ranasinghe Premadasa said investigators were working on a theory that Tuesday's grenade attack was "internally motivated and externally assisted." He did not elaborate.

Mr Premadasa, who was injured in the attack, told a parliamentary meeting it was "absolutely necessary to find out the truth, the motive, the aim and those responsible."

Official sources said police had detained four people for questioning.

Mr Jayewardene escaped unharmed after a gun was fired and two grenades tossed into a cabinet meeting room in parliament. One member of parliament was killed and six ministers injured.

Police believe the assassination attempt was part of a backlash against a peace accord with India to end a four-year Tamil rebellion in which 6,000 people have been killed.

Legislators returned yesterday to the heavily-guarded parliament but the Speaker, Mr El Senanayake turned down an opposition demand for a debate on the pact.

Before the session began Mr Senanayake said all reports of parliamentary proceedings would be censored.

This story was submitted for cen-

Seoul sets deadline for constitutional talks with opposition

BY RICHARD GOURLAY

THE South Korea Government yesterday set the end of August as deadline for talks with the opposition on revisions to the constitution in the first stage of democratic reforms before presidential elections later this year.

In June after weeks of student-led demonstrations that were supported by many in the middle classes, the Government gave into opposition demands for democratic changes including direct presidential elections.

President Chun had planned to hand over power to Mr Roh in February next year.

The opposition has made only muted comments about the fate of about 200 political prisoners who, government officials say, they will not release because they are arsonists and communist supporters.

These prisoners have become the focus of student street demonstrations which last week brought riot police and teargas back to Seoul's streets.

Students return to university at the beginning of September by which time the Government and the opposition want to have the constitutional talks resolved. It will be followed by a referendum and approval of new election code by the National Assembly.

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WORLD TRADE NEWS

US circuit board tariff rule angers computer makers

BY LOUISE KEHOE IN SAN FRANCISCO

A DECISION by the US Customs Service to classify computer circuit boards as computer equipment subject to import tariffs is raising protests from the electronics industry in both the US and Japan.

According to US electronics industry officials, the Customs Service has begun to assess 100 per cent import tariffs on certain circuit boards imported from Japan. This follows its ruling that the boards fall within the group of products covered by US trade sanctions imposed in retaliation for alleged violations of the US-Japanese semiconductor trade agreement.

In addition, imports of the computer circuit boards are now subject to a standard 4 per cent import duty. Customs has decided.

At issue is the classification of circuit boards incorporating microprocessors, such as those used to make personal computers. Previously, these boards have been classified as computer "parts" and have been imported into the US duty free.

Now, the Customs Service has ruled that the circuits, if they are capable of performing complete calculations will be subject to duties charged upon "data processing equipment".

The impact of the ruling upon US computer makers could be severe, according to US industry groups. The Computer and Business Equipment Manufacturers Association has

requested a 60-day suspension of the tariff ruling, pending a review of the issue, and the American Electronics, the largest US electronics trade group, is investigating the problem.

In Japan, Mitsubishi, which is understood to be a major supplier of personal computer circuit boards to IBM, complained that recent shipments of its personal computer boards to the US have not been subjected to duties of over 104 per cent. Unless the Customs Service ruling is overturned, it may significantly increase the impact of the punitive tariffs imposed on selected Japanese goods last April.

The tariffs were intended to be applied to an estimated \$300m of Japanese exports to the US. They were subsequently reduced to reflect partial Japanese compliance with the semiconductor trade pact.

By including circuit boards in the categories covered by the 100 per cent tariffs, however, the total value of goods affected may be much higher.

One condition which has recently been adopted by some Japanese manufacturers, is to circumvent the duties by omitting the key microprocessor chip from the computer boards. Without the microprocessor, the boards are incapable of calculation and could therefore be exported to the US duty free.

France places firm order for fourth Boeing Awacs

FRANCE HAS placed a firm order for a fourth Awacs E-3A radar surveillance plane with Boeing Co BA in order to meet its defence needs, the French Defence Ministry said yesterday.

The firm order was converted from an option taken out when France announced the purchase of three Awacs planes last February, with an option on two more. Each plane is worth more than \$150m.

"Studies made in recent

Indonesia in W German aircraft research link

By John Murray Brown in Jakarta

INDONESIA has signed a co-operation agreement with West Germany on aeronautical research, giving a further boost to the country's growing aviation industry.

The accord agreed this week between Indonesia's Minister for Research and Technology, Dr B. J. Habibie, and his West German counterpart, Dr Heinz Riesenhuber, covers helicopter and fixed-wing research into a variety of civil aeronautical technologies.

Indonesia already has joint venture aerospace projects with the state-run company PT Dirgantara IPTN.

It is understood that Messerschmitt-Bölkow-Blohm is to produce the BO-105 and BK-117 helicopters. In March Messerschmitt awarded IPTN a licence to produce the twin-engine BO-105 for export, underlining the long-standing relations Dr Habibie enjoys with West German aircraft manufacturers where he was director for technology applications in the early 1970s.

Messerschmitt is also considering a collaboration with Boeing of the US and the Dutch company Fokker, to build the Astra Mundi, a passenger aircraft the size of a DC9.

Dr Riesenhuber's visit this

week comes as competition is mounting to tender for the construction of Indonesia's first commercial nuclear reactor. Though a final decision to build has yet to be taken, the West German company Kraftwerke Union, a wholly-owned subsidiary of Siemens AG is believed to be from runner for the \$2bn, 600 megawatt pressurised water reactor.

Eastern leasing deal

EASTERN AIRLINES, a unit of Texas Air Corporation, said it plans to lease five DC-9-50 aircraft to "rationalise its fleet" by providing a better mix of wide body and narrow body aircraft.

It said the 122-seat aircraft, which will be delivered in September, were formerly with Pan American Airlines, which ceased operations earlier this month.

The carrier said the planes will be leased from a subsidiary of Texas Air.

John Wicks reports on the damaging effect on exporters of a high exchange rate Swiss order books start to feel the pinch

SWITZERLAND'S engineering industry is facing a noticeable decline in new orders. Although domestic demand for plant and equipment is substantial and increasing, foreign markets are showing a marked decline. The problem is still far from a crisis, but the industry is suffering from the loss of business and unsatisfactory profit margins.

As exports traditionally account for about 90 per cent of overall business, manufacturers are increasingly concerned at the disadvantages they face by being based in a hard-currency, high-cost country.

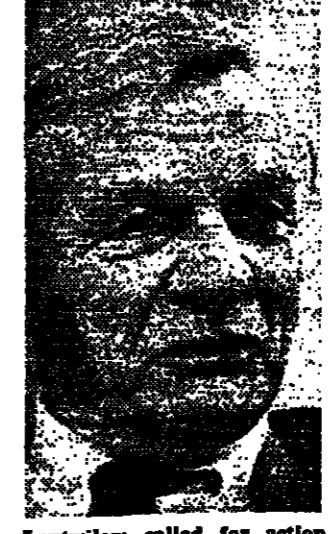
In the first half, total new business value was down by some 4.2 per cent on the corresponding period of 1986. Orders on hand are equal to an average 8.8 months' production, the lowest point in three years. At the same time, prices have remained close to, if not inferiorly below, 1986 levels.

Reported export orders were down some 8.3 per cent in the first half, second-quarter figures having been the poorest since mid-1984. Order books are particularly thin in such product groups as machine tools, heavy machinery and electrical engineering.

Switzerland remains one of the world's leading exporters in this sector, figuring in second or third place as supplier of textile machinery, precision tools and machine tools.

One way, says Mr Wolfgang

Lentwiler, called for action to boost D-mark



Lentwiler: called for action to boost D-mark

Marti, VSM president and managing director of the Hasler electrical-engineering concern would be for the Government to stop shooting own goals."

The Swiss authorities were creating obstacles for exporters by introducing standards such as those controlling emission and air pollution which went further than those of the EC. Switzerland, he said, should guard against discrimination or isolation in its relations with

the Community. He also called for a "sensible" national environmental policy which was economically viable and for moves to offset Switzerland's relatively poor international showing in respect of exporting financing.

In fact, the Government is already acting to improve the competitive ability of Swiss exporters. Parliament has been sent by the federal council, a draft of a SF80m project to finance Swiss participation in joint European technology programmes in 1988/91, and on October 1 the VSM is to open a special bureau for the coordination of Swiss operations of this kind.

Berne has also cut the outstanding government loan to the national export risk guarantee programme from SwFr900m to just SwFr120m by making assets out of the sum owing under debt-consolidation schemes.

Mr Marti would also like to see large-scale deficits under the programme incurred when exchange-rate losses were still insurable, eventually written off. In general, he said, the Swiss authorities were

too much in favour of the dollar, which was creating obstacles for foreign economies.

He also called for a "sensible attitude" on the part of the authorities to allow the new company to be based in Switzerland.

system for machine-tool deliveries and the matter seems now to have been shelved—not least because corresponding US-bound Swiss exports are below what the ceiling would have been anyway.

The Swiss authorities have also won the day in Washington over discrimination in comparison with member countries of the Co-ordinating Committee for Multilateral Export Controls (Cocom). After registering complaints, Switzerland is now treated virtually as a Cocom member, its national export controls in respect of deliveries of strategic goods to the East bloc having been recognised by the US as being sufficiently comparable to Cocom practice.

As far as the industry's own efforts to boost foreign sales are concerned, the most important recent development was last week's announcement of a planned merger between Brown Boveri and the Swedish Asea group. Although this may mean the loss of some Swiss jobs, it should open up new markets.

Here too, though, the Government is called on for support. Dr Lentwiler, saying that the "tax question is not in the foreground in the location of the Asea-Brown Boveri headquarters," urged a "sensible attitude" on the part of the authorities to allow the new company to be based in Switzerland.

US textile industry urges global import control law

BY ALICE RAWSTHORN

THE US textile industry has removed political pressure to lobby for legislation regulating imports of textiles and clothing, following the announcement of a record US textile trade in the first half of the year.

President Robert Laidlow, president of the American Textile Manufacturers Institute, attributed the growth in imports to "the Administration's failure to make any kind of positive impact in the area of textile and apparel trade."

"Whenever the commercial surplus in favour of one exceeds levels of 10 per cent of the total trade during two consecutive years, the country is in a deficit," he said. "We must find a way to widen the margins of preference in favour of the country in deficit or to include new products of interest for (the deficit country)."

Accepted at the committee stage and will go before both Houses when they return from the summer recess next month, the House of Representatives is scheduled to vote on the Act on September 16.

In late 1985 a similar piece of legislation, the Jenkins Bill, was accepted by both Houses but vetoed by the President. It narrowly failed to win the support it needed to override the veto.

The influx of imports into the US has since accelerated. According to statistics recently released by the US Commerce Department, the textile and clothing trade deficit rose to a record \$11.5bn in the first six months of the year—an increase of 22.5 per cent on the same period in the previous year.

New boost for Brazil-Mexico bilateral trade

BY ALICE RAWSTHORN

BRAZIL and Mexico have agreed to make fresh efforts to boost bilateral trade, which has been declining since the Latin American debt crisis began in 1982, AP reports from Mexico City.

Presidents Miguel de la Madrid of Mexico and Jose Sarney of Brazil signed an agreement yesterday that provides preferential treatment if one country runs a substantial trade surplus with the other.

"Whenever the commercial surplus in favour of one exceeds levels of 10 per cent of the total trade during two consecutive years, the country is in a deficit," he said. "We must find a way to widen the margins of preference in favour of the country in deficit or to include new products of interest for (the deficit country)."

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AMERICAN NEWS

Argentina to sign bank debt deal today

By Tim Coone in Buenos Aires

Argentina is due to sign in New York today an agreement to roll over \$34.7bn of principal owed to its commercial creditor banks, along with a new loan package worth \$1.95bn.

The final agreement on the deal has been pending since last April when the terms of the renegotiation were worked out with the steering committee of Argentina's \$20 creditor banks.

Disbursement of the funds, and final signature of the agreement, were conditioned on a loosely-defined "critical mass" of the 320 banks supporting the arrangement.

Under the agreement, \$29.5bn of principal payments falling due between 1986 and 1996 have been rolled over for between 12 and 19 years, with a five-year grace period.

There is thus a postponement of any further principal payments until 1992; these will rise gradually from \$300m per year in 1992 to almost \$3bn 20 years later.

The interest payable has been switched from US prime rate to Libor, with the spread reduced to 1 of one per cent. A further \$3.1bn in short-term trade credits is also included in the agreements.

The package is an example of the new "menu" approach to the debt problem, as it includes the so-called "exit bonds" which permit the smaller banks to extract penalties from each round of debt renegotiation, by swapping the debts owed them for long-term fixed-interest bonds.

Despite the terms of the agreement, which have been widely considered as highly favourable for Argentina, numerous warnings have been made by government officials in recent weeks that the foreign debt continues to be a serious problem for Argentina's economy and that "a new approach" is needed.

A sharp decline in Argentina's trade surplus this year will necessitate a return to negotiations in 1988 for more money from the banks.

Ecuador to resume exports of oil

ECUADOR officially announced that it would resume petroleum exports this weekend. AP reports from Quito. They were halted by an earthquake last March.

William Orme reports on reforms which have gone some way to improving an inefficient tax system Tax evasion takes its toll of Mexico's revenue

BY WILLIAM ORME

DESPITE A boost to Mexican federal revenues, business leaders are complaining that new tax rules are more complex than ever and officials are convinced that tax evasion is still rampant in the country.

From the outset of the financial crisis in 1982, when inflation was accelerating and the International Monetary Fund was demanding smaller budget deficits, Mexican authorities knew they would have to overhaul their notoriously complex and inefficient tax codes.

"We inherited a system that simply wasn't designed to function with high inflation," a federal budget official said.

It was also simply not generating enough money. But, with the exception of an increase in value added taxes from 10 per cent to 15 per cent in 1985, no major changes were enacted until late last year.

In July 1986, in a letter of intent seeking IMF backing for its new foreign loan request, Mexico said tax reforms coming into effect in 1987 would boost revenues by a substantial 1.3 per cent of gross domestic product, or nearly \$2bn. In November the new rules became law.

Now, halfway through the year, tax collectors say the IMF's target is well within reach, with corporate tax revenues climbing a substantial 15 per cent in real terms compared with the same period last year.

New revenue-sharing incentives for state governments have boosted the collection of value added taxes by 9 per cent

New revenue-sharing incentives for state governments, meanwhile, have boosted the collection of value added taxes by 9 per cent

earning over the minimum wage of \$3 a day.

By some informed estimates, less than 4m of this year's 12m tax returns will contain roughly accurate information.

Millions of other potential taxpayers will not file at all. Personal income taxes, which now provide income equal to about 2.5 per cent of GDP, should provide up to twice that.

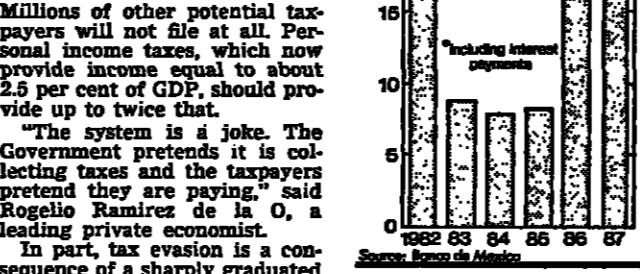
"The system is a joke. The Government pretends it is collecting taxes and the taxpayers pretend they are paying," said Rogelio Ramirez de la O, a leading private economist.

In part, tax evasion is a consequence of a sharply graduated system that pushes people of modest incomes into high marginal brackets. A taxpayer with earnings of \$6,000 is obliged to pay 35 per cent of that as taxes; if his annual income rose to \$10,000, the tax bite would increase to 40 per cent, at \$18,000 it jumps to 48 per cent. The highest of Mexico's 16 tax rates is 55 per cent.

Few of us pay taxes in Mexico, but those who do, pay some of the highest rates in the world," said Bernardo Ardalav, president of the Mexican Employers' Confederation.

On the corporate level, tax collection is even more skewed.

Five-fifths of corporate tax payments are contributed by just 4,000 of Mexico's several hundred thousand taxable



Source: Banco de Mexico

revenues should slice nearly two points off the federal deficit, officials assert. In 1988 Mexico's "adjusted operational budget" deficit is expected to be 1.2 per cent of GDP, a figure that discounts most of the effects of inflation-driven peso interest rates.

The 1987 financial deficit, however, which includes interest costs, is now expected to exceed both last year's 16.2 per cent and 1983's record 17.2 per cent.

Direct taxes, personal and corporate, have traditionally provided only a minor share of Mexico's total tax revenue, which dropped from 18.6 per cent in 1982 to 15.4 per cent in 1986, half of that provided directly and indirectly by Petroleos Mexicanos, the state oil monopoly.

In 1982 income from direct taxes dropped further, largely because of rules allowing full deduction for interest payments. Inflation, which hit 99 per cent in 1982 and has fluctuated since from a low of 60 per cent to 125 per cent today, also forced up interest rates. The result, an official said, is that big companies "were suddenly paying no taxes at all—zero—and they were deliberately getting even deeper into debt because of the structure of the tax code."

Under this year's reforms deductions for interest were eliminated. Tax

UK NEWS

Dockyard to cut 3,400 jobs over four years

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

DEVONPORT DOCKYARD, at Plymouth, in the west of England, yesterday announced that 3,400 workers are to lose their jobs over the next four years because of Government cuts in the naval refitting programme.

The announcement comes only four months after management of the dockyard was transferred from the Civil Service to Devonport Management Ltd (DML) under a seven-year agency contract.

DML gave an undertaking to the dockyard trade unions before the transfer that there would be no change in the yard's 11,000 workforce for the first 18 months of commercial management.

The announcement brought bitter condemnation from the unions, and from Dr David Owen, the former Social Democratic Party leader who is MP for Plymouth Devonport.

Dr Owen, who opposed the agency agreement, said the Government was entirely responsible for the job losses, and he urged Mr George Younger, the Defence Secretary, to take Devonport back into public control.

ICI offices to be developed

BY ANDREW TAYLOR

BREKLEY HOUSE, a private development company, is thought to have paid more than £70m for two large central London office blocks, including the present temporary headquarters of ICI, the chemicals group, which Brekley plans to convert into luxury flats.

The conversion of the north and south sections of Thames House, at the northern end of Lambeth Bridge, will provide 750 luxury apartments. When it is completed the scheme is expected to be worth

more than £250m, making it one of London's most valuable residential developments.

The offices, owned by ICI, have been on the market for about nine months. They form part of the Millbank office complex which straddles Horseferry Road and which was developed by ICI in the 1920s.

The development with its riverside views and only a few minutes walk from the House of Parliament should prove particularly attractive for a residential conversion. Its sale

The Government cannot ignore what is happening at this historic defence establishment. It must now reverse those policies which have led to the redundancies and struck such a blow at the whole economy of the Plymouth area," he said.

Mr Eddie Warrilow, the Plymouth regional organiser of the General, Municipal, Boilermakers and Allied Trades Union, said the Government had reneged on an agreement to provide the yard with a guaranteed "core programme" of work.

"The Government has deliberately sabotaged the dockyards by putting a substantial amount of the promised work out to tender in the full knowledge that the new managers have not yet had time to make the yard competitive," he said.

Mr Danny Bryan, a national officer of the Transport Workers' Union, said the cuts in the naval programme had been exacerbated by the failure of the ministry management to attract commercial work to the yard.

Pits 'at risk' over threatened disruption

By Our Labour Staff

PLANS FOR rolling industrial action in the Yorkshire coalfield in the north of England, over disciplinary action taken against a union official, could threaten the survival of several marginal pits in the area, Mr Albert Tuke, British Coal's director in North Yorkshire, warned yesterday.

DML said the workforce would be reduced by 3,000 during the current financial year, 1,000 in the following 12 months and a further 400 by 1991. Part of the reduction will be achieved through voluntary redundancies, resignations, and retirements. About 4,000 jobs have been lost at Devonport since 1981.

Mr Mike Leese, managing director of DML, said there had been "prolonged discussions" between the company and the Defence Ministry over changes to the naval workload.

"However, the ministry wished to adjust the core programme, and today's announcement is the inevitable consequence of their decision," he said.

Branch officials from North and South Yorkshire agreed to call for consideration of rolling strikes, possibly combined with an overtime ban, at a meeting on Wednesday.

A leading left-wing activist said last night that there was no plan to ask the National Union of Mineworkers (NUM) area council in Yorkshire, which sets policy for the area, to endorse the plan.

Local activists believe the NUM's area leadership is opposed to the action which may cut across the NUM's plans to pursue negotiations with British Coal over its revised disciplinary code.

The NUM will meet Ascas, the Government-supported conciliation service, for talks over the code next Thursday.

GM DIVISION PRESSES FOR RADICAL PAY AND CONDITIONS AGREEMENT

Vauxhall to seek 3-year deal

BY CHARLES LEADBEATER, LABOUR STAFF

VAUXHALL MOTORS, the General Motors car manufacturing division, is to seek a radical three-year pay and conditions deal covering its 11,000 workers.

The company is expected to put plans to trade union negotiators next Thursday night when it will respond to the unions' claim, which was submitted recently. The two-year deal negotiated in 1985, the first signed at Vauxhall, expires in mid-September.

However, the unions' claim, which was submitted recently, calls for a return to one-year agreements and disruption of this kind would place a serious question mark over them.

Fit branches throughout the coalfield will meet during the weekend to discuss proposals for industrial action over the disciplinary action against Mr Ted Scott, a union official at Scunthorpe colliery in North Yorkshire.

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Management buy-in at Schreiber

BY ALICE RAWSTHORN

SCHREIBER, one of the largest furniture makers in Europe, has changed hands through a management buy-in led by Mr Bob Thornton, who was chairman of the Debenhams stores group until its takeover by the Burton Group two years ago.

Schreiber is the brand leading manufacturer of fitted bedrooms and kitchen furniture in Britain. It sells its products through a network of 165 Schreiber Centres, all operated by agents. The company employs 450 at its Cheshire production plant.

Mr Thornton and his associate, Mr Stanley Cohen, who has interests in the furniture industry, intend to use Schreiber as a base from which to build a group of consumer products companies.

They have bought Schreiber, for an undisclosed sum, from the family which founded the business. The buy-in was supported by Barclays Bank.

Schreiber was formed in the late 1940s when Mr Chain Schreiber, a Polish emigre, began a business to make television cabinets. It diversified

into other types of furniture and flourished in the 1960s. In 1974 it merged with Hotpoint, GEC's domestic appliances division.

Mr Schreiber, a charismatic and controversial figure, tackled Hotpoint's problems. However, in the early 1980s Schreiber faltered. The merger was dissolved and the family regained control.

After Mr Schreiber's death three years ago, his son Mr David Schreiber took over. The business has been restored to profits by concentrating on its most successful products, kitchen and bedroom furniture, and by restructuring the retail side. Schreiber now has a turnover of £20m at retail prices.

Under its new ownership Schreiber may diversify into new types of furniture field, returning to its former role as a general furniture manufacturer.

Mr Thornton and Mr Cohen plan to acquire other business to add to Schreiber and a ceramics business acquired in March. They propose to float the group on the main stock market, possibly next year.

Lawyers granted licences to practise in Japan

BY HAZEL DUFFY

THREE BRITISH law firms expect to have lawyers practising in Tokyo soon. They are McKenna & Co, Clifford Chance, and Slaughter & May. Other British firms are studying the situation with a view to sending lawyers to Japan.

The British lawyers join a small number of Americans who received licences to practise last May, making them the first foreign lawyers working in Japan.

Following the granting of the first licences, applications for 15 lawyers to be registered were made by British and further American law firms.

Until recently Japanese law prohibited foreign lawyers practising there. The initiative for liberalising the ban sprang from the talk so relaxing trade restrictions between Japan and the US.

Licences are still imposed on foreign lawyers, however. Licences to practise can be granted only to individual lawyers. Lawyers can only practise the legal system of their country, or state in the case of the US, not Japanese law.

Mr Richard Cull, of McKenna & Co, was the first English lawyer to be granted a licence to practise by the Japanese Ministry of Justice on August 5.

Registration with the Japanese Federation of Bar Associations is expected to be completed on September 1, after which registration will be granted.

McKenna & Co specialises in legal work for international construction companies and has a strong client base among Japanese companies in the sector. Mr Richard Eastman, also with the firm, was granted a licence to practise California and New York law at the same time.

Clifford Chance was granted licences for four of its lawyers to practise English law shortly after.

HUNGARY

The Financial Times proposes to publish this survey on

SEPTEMBER 11, 1987

For further information contact:

Patricia Surridge on 248 8000, ext 3426

Financial Times Representative

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

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Government accused of complacency by Labour

By Our Political Staff

THE GOVERNMENT was yesterday accused of complacency over gun laws as cross-party pressure for tighter restrictions on firearms intensified.

Mr Frank Dobson, Labour's campaign co-ordinator, referred to representations made by opposition MPs earlier this year for new controls on guns and weapon shops. He claimed: "Nothing has been done."

Mr Douglas Hogg, junior Home Office minister, said he had called for an immediate report from Mr Colin Smith, the Thames Valley chief constable, into all aspects of the shootings in which 15 people died, including Michael Ryan, the gunman.

Mr Hogg said the Government was determined to learn from the incident all the lessons that were to be learned. There would be no hesitation to make changes that needed to be made in law or practice.

Mr Roy Hattersley, shadow Home Secretary, called for a full public inquiry into the shootings and said it should be particularly directed to examine the way in which gun licences were issued and to make recommendations for tighter laws.

Mr Michael McNair-Wilson, Tory MP for Newbury, wrote to Mr Douglas Hogg, Home Secretary, to advise him to consider amending the personal possession of firearms to one weapon and restricting the amount of ammunition individuals could hold.

He pressed Mr Hogg for an explanation as to why Ryan was allowed to possess a semi-automatic weapon.

Mr Dobson released an amnesty being discussed. Hurd following a meeting between Labour MPs and the Home Secretary at which they urged tighter gun laws.

The correspondence indicated that Mr Hurd proposed no changes in the law though a number of points were being reviewed. He also indicated that a firearms exchange of letters with Mr

Mr Hurd said he was not convinced that controls on the advertising of weapons represented a practical way forward and stressed there were already tight controls on the sale of firearms and the registration of dealers.

Editorial comment, Page 14

Councils' tenders plan criticised

By Andrew Taylor

LOCAL authority plans to require all private contractors tendering for council work to supply details of company policies on race relations, sexual discrimination and training were last night criticised by one of the country's biggest building employers' organisations.

The Labour-controlled Association of Metropolitan Authorities yesterday urged councils to adopt a common questionnaire which it said should be completed by all contractors tendering.

The association produced its questionnaire in spite of the publication eight weeks ago of the Local Government Bill which will prevent councils from introducing political and other non-commercial conditions into contracts.

The Building Employers Confederation, representing almost 10,000 companies last night criticised some of the proposals. It said many small companies would not have the resources to provide the kind of detailed answers required.

Under the association's model contract compliance questionnaire companies would be expected to provide a precise breakdown of numbers and sex of Afro-Caribbean, Asian and white employees.

Mr Howard Knight, chairman of the association's public works committee said the proposals were "practical common sense questions which nobody should object to answering."

The confederation said it was suspicious of contract conditions which would allow councils to favour their own workforce and circumvent legal requirements to put work out.

It said many small companies would not have the resources to provide the kind of detailed answers required.

Guidance notes accompanying the questionnaire warn contractors that failure to answer the questions or supply relevant documents could result in applications being delayed.

News on Sunday delays naming editor

NEWS ON SUNDAY, the troubled left-of-centre newspaper, is expected to announce the name of its new editor by Monday. The announcement had been expected yesterday.

The paper said the process of choosing the editor had begun and should be completed soon.

UK NEWS

Clare Pearson looks at the aftermath of Britain's worst-ever shooting incident

Mass killings strengthen gun control lobby



A police marksman examines a live bullet in a Hungerford street

ing purposes and the use of guns in crime.

Mr David Baszay, of the National Rifle Association, said yesterday: "Less than 1 per cent of legally held rifles and pistols are ever used in any crime."

Until now, the main thrust of the police campaign has been not to stiffen firearms legislation, but to broaden it to include shotguns. To this end, the Association of Chief Police Officers has fought a battle with farming and sporting interests since the early 1970s.

Yesterday Mr Leslie Curtis, chairman of the Police Federation, said: "Our greatest concern is in relation to shotguns, the number of shotguns carried into a crime is growing every day."

At the moment, in order to obtain a shotgun licence a person merely has to satisfy the police that such possession will not threaten the public safety.

When the police introduced such guns, though they may be obtained legitimately by sportsmen and farmers, may be left lying around to be picked up by burglars. They are also concerned that a person may obtain a licence for an unlimited number of weapons.

The shotgun debate was brought into sharp focus three years ago, when Jeremy Bamber shot several members of his family. However, it is believed, the combined effect has been to reduce over the past 19 years the number of persons registered as holding firearms.

According to Home Office statistics, 180,285 people in England and Wales held such certificates in 1986, compared with 216,281 in 1985. While it has become more difficult to obtain these certificates, public interest in obtaining them has grown because of increasing enthusiasm for the sport of target shooting.

The restrictions have been coupled with a series of sharp increases in the initial and renewal fees for certificates, which now stand at £33. The combined effect has been to reduce over the past 19 years the number of persons registered as holding firearms.

Target shooting circles have so far vigorously denied that a connection should be made between the growing public interest in firearms for sport.

In 1985, there were 8,782 offences involving the use of weapons. Shotguns were in

Offences in which firearms were used England & Wales

1986 1985 1984 1983 1982 1981 1980

1979 1978 1977 1976 1975 1974 1973

1972 1971 1970 1969 1968 1967 1966

1965 1964 1963 1962 1961 1960 1959

1958 1957 1956 1955 1954 1953 1952

1951 1950 1949 1948 1947 1946 1945

1944 1943 1942 1941 1940 1939 1938

1937 1936 1935 1934 1933 1932 1931

1930 1929 1928 1927 1926 1925 1924

1923 1922 1921 1920 1919 1918 1917

1916 1915 1914 1913 1912 1911 1910

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1870 1869 1868 1867 1866 1865 1864

1863 1862 1861 1860 1859 1858 1857

1854 1853 1852 1851 1850 1849 1848

1847 1846 1845 1844 1843 1842 1841

1840 1839 1838 1837 1836 1835 1834

1833 1832 1831 1830 1829 1828 1827

1826 1825 1824 1823 1822 1821 1820

1819 1818 1817 1816 1815 1814 1813

1812 1811 1810 1809 1808 1807 1806

1805 1804 1803 1802 1801 1800 1799

1798 1797 1796 1795 1794 1793 1792

1791 1790 1789 1788 1787 1786 1785

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1777 1776 1775 1774 1773 1772 1771

1770 1769 1768 1767 1766 1765 1764

1763 1762 1761 1760 1759 1758 1757

1756 1755 1754 1753 1752 1751 1750

1749 1748 1747 1746 1745 1744 1743

1742 1741 1740 1739 1738 1737 1736

1730 1729 1728 1727 1726 1725 1724

1723 1722 1721 1720 1719 1718 1717

1716 1715 1714 1713 1712 1711 1710

1709 1708 1707 1706 1705 1704 1703

1702 1701 1700 1699 1698 1697 1696

1695 1694 1693 1692 1691 1690 1689

1688 1687 1686 1685 1684 1683 1682

1681 1680 1679 1678 1677 1676 1675

UK NEWS

ICL consortium wins £37m air defence contract

BY DAVID BUCHAN, DEFENCE CORRESPONDENT

A CONSORTIUM led by ICL, the computer company, has won a contract to update the command system linking the UK into Nato air defence.

The low bid of £37m reflects tough international competition for the business.

Lord Trefgarne, defence procurement minister, yesterday announced the award of the fixed-price contract to Secure Air Systems Group, composed of ICL, Computer Sciences Company, Information Processing and Lyngwood Scientific Developments, to provide the system by 1991.

The group had been rumoured for several months to have won the contract but at a price double that which it eventually bid. Lord Trefgarne yesterday called the price very favourable and "well below that for which we—and Nato—had budgeted". Nato is to foot almost half the cost of the system.

The contract was open to international competition, with France, Thorn EMI and GEC Marconi leading losing consortia which included US and European companies. In the winning team, CSC is the UK electronics group.

Met buys computer system

BY DAVID THOMAS

SYSTEMS DESIGNERS, a software house, has won a firm contract to introduce a computer system for the Metropolitan Police.

The system, the most comprehensive of its kind in Britain, will computerise the collection and analysis of information on crime in London, previously done on paper. The police say it will release officers from

administrative work and help crime detection.

Mr John Smith, assistant commissioner, said: "A vast amount of useful information about crime, carefully collected, is not being used simply because it is too difficult to get at."

The system will be introduced throughout London by 1991, starting with three divisions by November 1988.

7-DAY AUCTION SALE due to bankruptcy

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2 FLOATING DRYDOCKS (sale by private treaty only), cap. 5,000-22,500 t (1973/1976), l.o.a. 103.44-185.00 m, width o.s. 18.20-33.50 m; 2 SLIPWAYS "V Splunders", with 18-20 slipway-trolleys, cap. 100-300 t, total slipway cap. 2000-4000 t; 2 PONTOONS (1977/1980), cap. 1000 t, width 18.00 m, width o.s. 8.49 m; TUGBOATS 9 OPEN BARGES, cap. 22.22-76.60 t; 2 MOBILE CRANES "Grove"; much internal transportation material etc.

6 MODERN BAILEY LIFTING JIB CRANES (1981-1982), cap. 15-20 t; 12 TOWER JIB CRANES incl. "Bailey", cap. 3-20 t; MAGNET PORTAL CRANE "Bailey" (1982), cap. 8 t; 48 OVERHEAD TRAVELLERS incl. "Bailey" (1982/83), cap. 10-20 t;

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VIEWING: Monday September 7 to Friday September 11, 1987 from 9.00 a.m. to 16.00 p.m. as well as on the days of sale from 8.00 to 9.30 a.m. at the yards, Ringdijk 595 and Ringdijk 395 in Ridderkerk, or by appointment.

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August 19, 1987
By The Industrial Bank of Japan, Limited,
Reference Agent Singapore Branch



Appeal to Policyholders

Peat Marwick McLintock are carrying out a study for the Securities and Investments Board on the disclosure of life assurance policy charges and expenses. The public's view is being sought on the amount and type of information that could usefully be disclosed on new and existing policies.

Written comments on the issues are invited from the public by 30th September addressed to:

Mr G. Acher, Peat Marwick McLintock,
1 Puddle Dock, Blackfriars, London EC4V 5PD.
From whom further information can be obtained.

KPMG Peat Marwick McLintock

Raymond Snoddy spends a day with the editor of one of the newer tabloid newspapers

Baby who died of smoking fails the front page test

THE EDITOR moved from the news desk to the backbench — where stories are edited or rewritten — and on to the art desk as the first edition deadline approached.

It was 6.55 pm and the components of the front page were being juggled in his mind with no decision yet made on what the lead story should be.

A day of winnowing and sift-

ing stories and pictures had produced a colour picture, "which no-one else will have," of the Duchess of York in Canada wearing a controversial new fur coat, an inquest report on a baby with too much carbon monoxide in its blood, possibly caused by its parents' smoking, a television story about young viewers deserting ITV and a report on Mr Jeffrey Archer's successful libel action against The Star newspaper.

Two minutes later Mr David Montgomery, 38-year-old editor of Today, dictated the headline for the story that would lead the next day's paper: The Baby Who Died of Smoking.

The decision, and hundreds of others during the day had been taken with all the visibility of a conjuror shuffling cards. The story appealed me and I think it will appeal a lot of people. Though it is a bit low life," said Mr Montgomery, a non-smoker. A former editor of The News of the World, he has been given the task of cutting the stories and increasing the circulation of Mr Rupert Murdoch's fifth national newspaper in Britain.

He is seeking the children of Thatcherism—although he did not spell it out—the classless and upwardly mobile in a world where everyone stands on their own feet.

"It is not a moral stance. It is more concentrated on the work ethic and the belief that work should have its just rewards," said Mr Montgomery, an Ulster Protestant with a degree in politics and history from The Queen's University of Belfast.

By the time the editor's car had turned into Whitehall on the way back to the office, he

was on the phone, deep into the details of the paper. At the office, he was soon prowling up and down the editorial floor sorting out the feature pages.

Going out to lunch has long

been abandoned at Today and what appears to be the entire editorial staff leave their electronic screens only long enough to buy a sandwich from a passing trolley.

The editor, who long ago

mastered the art of thinking

and talking in tabloid headlines for the entire feature spread

The Great Money Race —

and giving a warning not to use the word charity too prominently. "It will turn people off," he was off again on travels up and down the editorial floor.

In a matter of seconds, a

spark of an idea and turning it into the tabloid form.

"I only said should we do a piece on graduate employment?" the features editor said plaintively.

Until deadline the editor

made choices and rejections

watching for the picture or

story that "will launch a"

A picture of the Duchess of

Kent hitting a photographer

somewhere very painful while

playing cricket — "You don't

need to see Royals playing

cricket," — is definitely in.

A report that Hans Christian

Andersen might have been the

legitimate son of a Danish

royal prince did not meet the

weekly job page but it

transformed into a four-part series.

Find some new graduates and

chart their progress in the

employment market over the

next few months, said the

editor, who has a reputation

for grasping greedily at every

spark of an idea and turning it

into the tabloid form.

"I only said should we do a

piece on graduate employment?"

the features editor said

plaintively.

Until deadline the editor

made choices and rejections

watching for the picture or

story that "will launch a"

The editor chooses

all the pictures and

writes most of the

main headlines

Decisions were taken

with all the visibility

of a conjuror

shuffling cards

As he was driven, only

slightly late, for a 7.30 pm drink

with journalist and broadcaster

Ms Janet Street-Porter in the

American Bar at the Savoy,

he was a little uneasy about his

choice of lead story.

The Baby Who Died of

smoking had disappeared to the

inside of the paper and the ITV

story was built up into the lead

under the headline £1.200m

Panic By ITV.

The editor explained that the

baby story did not have the

weight for the kind of paper

he was trying to create

and that the ITV story which con-

tained youth and criticism was

"only for us."

Was he happy with the final

result?

"Happy. You are never totally

happy. You can always find

something in another paper to

make you jealous. It is just as

well otherwise the job would

never change."

colour picture of the Princess of Wales at the Superman IV film premiere and Superman actor Christopher Reeve earned his place as "a bounder" for not turning up to meet the Prince and Princess of Wales.

The Baby Who Died of

smoking had disappeared to the

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MANAGEMENT

WHEN THE call came, David Abell's delight was checked by a strong feeling of apprehension.

The announcement, at the end of June, that Mitchell Cotts, the UK engineering and trading company, had abandoned its fight against his take-over bid worried him. Why was it giving in a week before his company Suter's offer ended? Did it know something he didn't know?

Against that was not only the pleasure of winning a battle which he had planned and fought since March but also the knowledge that he was about to enter what for him is one of the most stimulating periods of corporate activity.

Unlike many company executives, Abell finds takeovers a bore—"for 99 per cent of the time nothing happens and at times you do not seem to be able to influence things." The high comes in the month or two after the bid has succeeded, he says, because that is when the decisions are made which will influence the ultimate effect of the acquisition.

For Suter the post-takeover assessment of Mitchell Cotts, from which the company is now recovering, is probably the most crucial it has had to make since Abell took the helm six years ago.

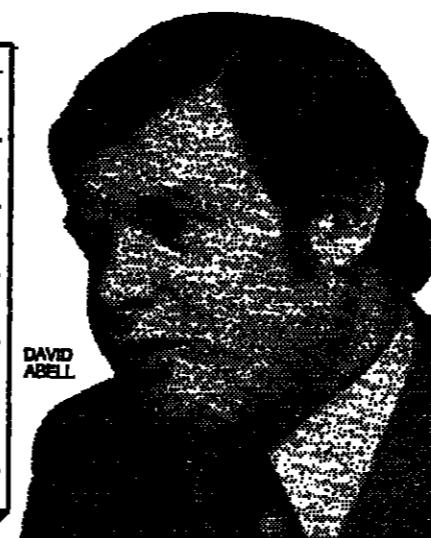
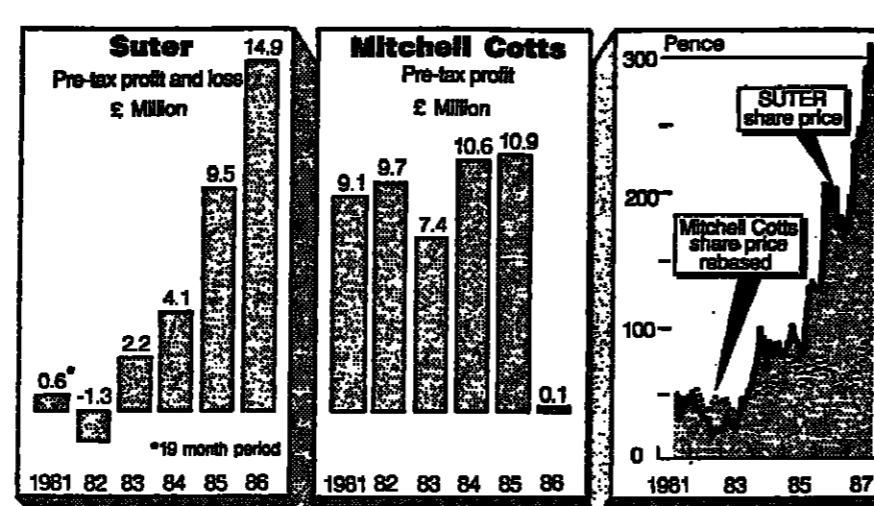
At a cost of about £70m, Mitchell Cotts is by far the biggest of the eight companies Suter has bought since 1981. And, although it increases the group's market value by only about a third, it more than triples both the workforce and turnover, previously at 3,000 and £150m respectively.

Mitchell Cotts' effect on profitability will be less dramatic, at least initially. In the year to June 30 it is thought to have achieved little more than break-even whereas Suter, prior to the acquisition, was forecast by analysts to be heading for £20m pre-tax profit in the year ending December 31.

Clearly Abell and his team had their work cut out as they made decisions on which parts of the business to sell and how to improve the performance of the parts being retained. One sale may could jeopardise the momentum of the past four years when the annual growth in earnings per share has always exceeded 25 per cent.

Abell has not forgotten that a wrong decision on a disposal following the 1981 purchase of Prestcold — the refrigeration group he bought from Leyland was his first acquisition as head of Suter — led to the group showing a loss the following year.

Assessing companies has been one of Abell's hobbies since his days in the early 1960s as an economics student and his eye



Suter: the excitement of unwrapping the purchase

Mike Smith reports on the aftermath of the Mitchell Cotts takeover

for an undervalued group has been a significant factor behind the growth of Suter's market capitalisation from £2m in 1981 to more than £30m.

At any one time Suter has stakes in at least two companies. Abell says the intention is always to buy them out if their prices rise too high.

Suter was first drawn to Mitchell Cotts when it saw other companies like Bata Holdings, the private group controlled by the Jivraj family, and Tiphook, the container leasing group — building stakes in it last March.

Mitchell Cotts' recent performance was unimpressive, with 1985 taxable profits of £10.9m little better than a decade previously and those in 1986 down to £10.0m. But the more Abell looked into the company the more he saw potential to integrate it into his own group.

Suter's speciality is niche engineering businesses, for example in refrigeration and hairdressing equipment, and Mitchell had a number of these, particularly in mining equipment and motor engine remanufacturing. Another attraction was Mitchell Cotts' wide geographical spread: it has operations in Africa, Hong Kong, Belgium and Australia as well as Britain. Suter is

more dependent on UK markets.

Suter always knew that it would never be interested in some parts of Mitchell Cotts and has since either sold or put up for sale the group's contracting and construction businesses and Howard Humphries, the profitable engineering consultant. But there were many imponderables which could only be solved with more detailed knowledge than Mitchell Cotts was prepared to give while fighting the takeover battle.

How quickly, for example, should the company sell Mitchell's East African tea plantations, which, though profitable, were wholly dissimilar from any other Suter asset? Should the speciality chemicals and freight forwarding subsidiaries be sold? Again neither was in the Suter mainstream.

To co-ordinate the evaluation of Mitchell, Abell set up a six-person team including himself and fellow executive directors Bob Morris and Tony Owen; this moved into Mitchell Cotts the day after Suter won the bid battle. Another half a dozen Suter personnel and virtually all the Mitchell Cotts management have been closely involved in the consultations.

"Either Bob, Tony or I have been to see the Mitchell Cotts

businesses around the world except those in Hong Kong and Australia," says Abell. Hong Kong is largely run from London and Suter always intended to sell most of the Australian arm.

Since the takeover, Abell has spent 80 per cent of his working time looking at the 70 or so operative Mitchell Cotts subsidiaries. He reckons that received a large number of inquiries from other companies who wanted to buy the chemicals offshoot.

"What swayed us was the four people in the company," says Abell. "They knew precisely what they were doing.

They knew the market place and they could answer every question about their company without having to rush away to look at their files. Basically, they lived for the business."

Prospective buyers are being

admitted to knowing nothing about chemicals. To make the decision all the more difficult it received a large number of inquiries from other companies who wanted to buy the chemicals offshoot.

The starting point for their calculations was the figures provided on day one by Mitchell Cotts from which a series of papers was prepared. They alone were not enough, however. "Sure we need the cash," says Abell. "But when we went around the businesses we were looking at the people."

Personnel was the decisive influence in the speciality chemicals division, the decision over which Abell and his team agonised the most.

Mitchell Cotts Chemicals, which concentrates on synthetic pyrethroid insecticides, is a niche company with a high market share and a high profile overseas with exports accounting for about 95 per cent of production. The dilemma for Suter was that, although it respected these qualities, it frankly

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England and Australia seem small. The group is still assessing them but the freight forward industry is dominated by large worldwide players and analysts say that the Mitchell Cotts subsidiary could be sold at a premium to a more specialised operator.

Deciding what to sell is only part of the post-acquisition operation. As important is setting in motion the methods of increasing the profitability of the retained businesses. Here, Abell says, motivating staff is the crucial factor.

Although most of the Mitchell Cotts board has gone or is going, Suter says it has been surprised by the quality of management beneath the surface. Only one non-board person has resigned, although some of the financial staff in the smaller companies may follow. "We do not have a big central staff so we need people to know how to run companies," says Abell.

He views the last two months as a chance to change the culture of the acquired businesses to tell employees that "if they perform they will be rewarded and they will be given unlimited opportunities to expand within agreed parameters."

Abell believes that much of the problem with Mitchell Cotts was that subsidiary managers were not given their heads, either because of group philosophy or cash constraints resulting from heavy borrowing.

"Imagine the benefit to me which would be when you tell managers, for example, that if they want a more powerful computer all they have to do is justify it and that's it."

Now that Abell has

scrutinised Mitchell Cotts he reckons Suter's £70m was well spent. He could hardly say otherwise, but most analysts also seem convinced. For example, Fiona Perrot-Humphrey of Fleming Research, part of Robert Fleming Investment bank, is predicting that Suter's pre-tax profits will rise from £14.9m last year, to £25.5m this year, and £38.5m next.

Suter seems to be planning its next move already. Last month it revealed a 5 per cent stake in Amari, the metals and plastics group, and has since increased its holding to above 17 per cent.

Abell will not say whether he plans a bid but Amari is likely to have a chance to bolster its defences assuming it wants to resist a takeover. In the past, Suter has always preferred to sort out its latest acquisition before taking on another. Abell believes that integrating Mitchell Cotts into Suter and sorting out the bulk of its problems will take until the end of the year.

The global economy

Fleet of foot into the learning curve

Michael Skapinker reviews an ambitious tome

WHEN Ronnie Leseem left school in Zimbabwe he was intent upon solving the economic problems of Central Africa in particular, if not of the world in general. In his new book, *The Global Business*, he concedes that this goal was a little ambitious.

What this means, apparently, is that American, European and Japanese companies have had their fun and Africa is now entitled to its chance. Except that it is not to Africa that Leseem turns for an example to fit his thesis, but to the Gulf and Pakistan, and to the Bank of Credit and Commerce.

The bank was set up in Abu Dhabi in 1972 by Agha Hasan Abedi, formerly head of the United Bank of Pakistan. Abedi, as Leseem puts it, "was in touch with the spirit of the Middle East". Which means, to you and me, that he got to know the people who mastered his African birthplace. At the same time he identified with his European heritage, with its culture and sophisticated economic theories.

Putting the two together stretched his horizons even further than he originally imagined. He is now, he says, "sufficiently unblinded to encompass the whole globe-West, North, East and South". Each of these parts of the globe represents a stage of business and economic development. The easiest way to understand it, he says, is to think of "Olympic Games". The "fastest" sprinter, strongly represented in the West, represents the new and entrepreneurial-driven business that the United States of America champions through its spirit of enterprise. The middle-distance runner, from the North, represents the preparation and training of the typically European, methodically managed organisation.

"The subtlety and harmony of the sprinter characterises the mystery of the Orient, that strange blend of Confucianism and Shintoism, that seems to bind together so beautifully in the end of the year."

DOES YOUR NETWORK FAIL IF YOUR COMPUTER GOES DOWN?

Stratus
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01-248 8383

Getting stuck into giving up smoking

BY PETER MARSH

WANT TO give up smoking? Within the next year, you may be able to buy small body stickers which turn into your blood measured doses of nicotine — a process that may help you to kick the habit.

The pads are normally stuck on the arm. They contain an idea which has been under development in the pharmaceuticals industry for the past decade: slow-release mechanisms for infusing drugs into the body through the skin.

The rewards, however, should be considerable through revenue derived from what the study describes as "dramatically new services" including:

- Data communication services operating tens of times faster than the best now available.
- Rapid transmission of high-resolution images.
- Video communication.

The study emphasises that the pattern of development in France will be different from that of either the rest of Europe or the US because of the French Government's interest in preserving the domestic use of information technology — its Teletel digital telephone directory project, for example.

By the year 2000, high-speed data services will account for more than 80 per cent of broadband revenues in the US and UK, 65 per cent in West Germany, but only 40 per cent in France. By comparison residential video services will account for 30 per cent of broadband service revenues in France by the same year, but only between 3 and 4 per cent in other countries.

By 1995, in all four countries 600,000 business terminals will have access to broadband services; by 2000, the total will have grown to 8m, 94 per cent of them for high speed data.

So the report concludes, carriers, telecommunications authorities and equipment suppliers should be developing their strategies for broadband services now. Access to broadband services over fibre optic links will become increasingly common; and, to be ready, carriers need to establish trials and test networks, to define the requirements for services and to find out what their customers will need to receive the new services.

The necessary infrastructure will be in place: witness the kilometres of glass already laid beneath city streets.

● **Broadband Communications:** *The Commercial Impact*, Ovum, 5495 (4220), 44 Russell Square, London WC1B 4JP.

added to the list. Elsewhere it is available on prescription.

The biggest market is in the US, where Merrell Dow sells gum worth \$60m a year under licence from Leo. Other drug concerns, including Glaxo, Ciba-Geigy, Boehringer-Mannheim, Reckitt and Colman and Lundbeck, sell the product under similar arrangements in other countries. Lennart Sorells, a marketing director at Leo, says sales have been limited because the gum is generally not sold over the counter.

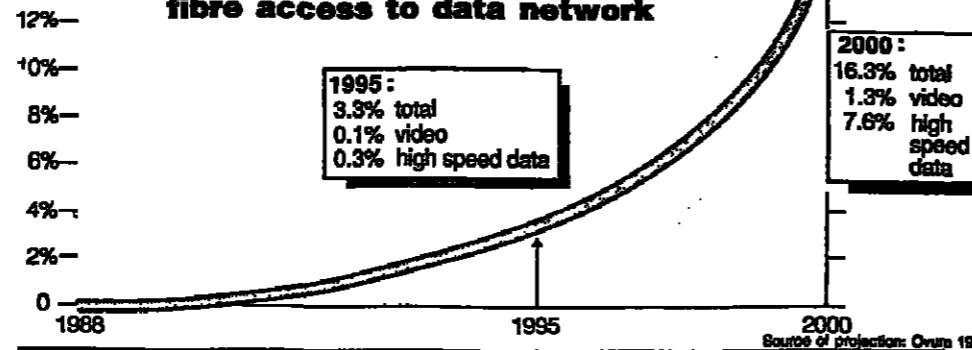
Meanwhile, the medical world has reservations about anti-smoking products based either on gum or pads. Dr Martin Raw, a UK specialist in attempting to wean people off smoking, says that general experience with the gum has been good, although the best results have come when use of the gum is supported by professional advice from an anti-smoking clinic.

Dr Raw, a clinical psychologist at St George's Hospital in London, adds that relatively little has been achieved when the gum has been used by people acting on their own initiative or with only minimal support from their general practitioner.



Mercury Communications laying glass-fibre optical cabling in London

Proportion of business sites (US, UK, France and West Germany) with optical fibre access to data network



The necessary infrastructure will be in place: witness the kilometres of glass already laid beneath city streets.

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According to backers of the pads, these may represent a less



FT LAW REPORTS

Digest of cases reported in the Trinity Term

FROM JULY 17 TO AUGUST 12

Williams v Barclays Bank PLC (FT, July 12)

In separation proceedings, Mrs Williams sought disclosure by the bank of copies of paying-in slips and cheques because she suspected that her husband had sought to conceal his wealth by mixing his money with the account of an unregistered "charity" of which he was chairman. At first instance, the bank successfully resisted an order for discovery on the grounds that the Bankers Books Evidence Act, 1878, section 3, which required a copy of "an entry" in a banker's book did not apply to unsorted bundles of cheques and paying-in slips. Upholding the bank's contention, the Court of Appeal stated that although the Act had subsequently been extended to include other records (whether on microfilm, magnetic tape, or a retrieval system), the mere addition of an individual cheque or paying-in slip to the unsorted bundles could not be regarded as making an "entry" even though the bundles formed part of the bank's records.

Metallhandel J. A. Magnus BV v Arfield's Transport Ltd and Another (FT, July 21)

Arfield's undertook to store Metallhandel's goods, but was never in possession of the goods having handed them over to a third party as an intermediate subcontractor. However, Arfield's failed to establish that the third party had secure premises and a suitable system for protecting the goods. In holding that Arfield's was liable in damages to Metallhandel for the subsequent loss of the goods, Mr Justice Gatehouse said that Arfield's position was that of quasi-bailee, equivalent to that of a true bailee in that he was answerable for the faults of his sub-contractor. He was entitled to delegate performance but could not delegate responsibility and was under an implied term in the contract with the owner of the goods to take reasonable steps for their protection.

Metal Shipping and Transporters v Shell Eastern Petroleum (FT) Ltd (FT, July 22)

A charterparty stipulated that if original bills of lading were not available when the vessel arrived at the discharge port, the charterers could demand discharge without presenting the original bills on condition that the charterers agreed to keep the owners indemnified against resulting claims. Clause 14(e) provided that clause should not count against

plaintiff as a result of the owner's breach of charter, while another clause provided that the master was to sign any lawful bill of lading for any cargo. The master signed the original bill of lading and the duplicate but failed to sign the triplicate which prevented discharge on the vessel's arrival. In rejecting the owner's claim against the charterers, Mr Adrian Hollings QC stated that at time was lost as the result of the owners' breach so that clause 14(c) operated against them, they could not invoke the indemnity clause against the charterers.

E. L. Du Pont de Nemours & Co and Another v I.C. Agnew and Others (FT, July 24)

Mr Chelos suffered amputation of both legs as a result of a drug supplied by the plaintiff's subsidiary, and he received punitive damages under the law of Illinois where the tort occurred. In the plaintiff's action to recover from the defendant underwriters under their provider liability policies, the defendants sought a stay of the English proceedings. The reason why the defendants wanted the case to be heard in Illinois was its public policy rule which precluded an indemnity of punitive damages awarded against grossly reprehensible conduct on the part of a company's senior management. In upholding the refusal of a stay at first instance, the Court of Appeal stated that where contracts were governed by English law and the primary question was the effect of the contract on the parties' English public policy, that issue was one which no foreign judge could conscientiously resolve.

Morgan Guaranty Trust Co of New York v Demetre Hadjankakis (FT, July 25)

In a dispute in which the defendants were refused a stay at first instance and in which the plaintiff was granted summary judgment under Order 14 proceedings, the Court of Appeal stated that the way in which the hearing developed concealed the essential difference between an application for summary judgment and an application for a stay. With the former, the court was required to consider whether the defence put forward was arguable. With the latter there were potentially two questions:

Lips Maritime Corporation v President of India (FT, August 4)

A charterparty provided that demands for hire should be calculated in dollars but paid in sterling at the mean exchange rate ruling on bill of lading

agreement. In the circumstances of the case, the evidence of the two aspects was so tightly intertwined that a judge would not be able to examine on one issue without the other. Thus there was no alternative but to reopen the dispute.

Kirby (Inspector of Taxes) v Thorn EMI Pic (FT, July 28)

Thorn EMI covenanted with another company, GE, that Thorn and three companies in its group would not engage in the trade of repairing and renewing electrical motors and generators. In consideration, Thorn received \$375,000. In allowing an appeal by the Inland Revenue against a decision that the sum received was not subject to corporation tax, the Court of Appeal held that Thorn turned its asset to account in a particular way, namely by accepting a substantial sum in return for agreeing not to exploit its goodwill for a period to the disadvantage of GE. That fell four-square within the opening words of section 22(3) to the Finance Act 1965 that there was a disposal of assets where any capital sum is derived therefrom notwithstanding that no asset is acquired "by the person paying the capital sum."

Bridy and Another v Brady and Another (FT, July 31)

In a dispute in which the defendants were refused a stay at first instance and in which the plaintiff was granted summary judgment under Order 14 proceedings, the Court of Appeal held (by a majority) that a company had an implied power to perform any act which was reasonably incidental to continuation of its business.

Disposition of half its assets could not be said to be incidental to its continuation.

Lips Maritime Corporation v President of India (FT, August 7)

A parent company transferred the issued share capital in three other companies, worth £1,270,380, to its wholly owned subsidiary for a consideration.

The shares in the three companies were then sold to another subsidiary for £601,235. It was held that the acquiring company in each case was to be regarded as having given the same consideration for the shares in the three companies as the parent gave when it purchased them, so that on the liquidation of the three companies there was an allowable deduction under paragraph 2 (1) of Schedule 13 to the Finance Act 1965 which provides that there is neither gain nor loss where an asset of one member of a group disposed of it to another member of the same group.

In allowing an appeal by the Inland Revenue against a decision that payment was to be within two months:

(i) demurrage was liquidated damages and there was no such thing as a cause of action in damages for late payment of damages; (ii) the only remedy for delayed payment was the discretionary award of interest pursuant to statute.

Shearsen Lehman Brothers Inc and Another v MacLaine Watson & Co Ltd and Others, International Tin Council intervening (FT, August 5)

In an action arising out of the collapse of the International Tin Council, the plaintiffs sought production of documents prepared by the ITC as relevant to their contracts with the defendants, who were ring dealing members of the London Metal Exchange. At first instance, it was ruled that the documents relating directly to the ITC's trading activities were not capable of being kept in its official archives given "inviolability" as a diplomatic mission under the International Tin Council (Immunities and Privileges) Order 1972. On appeal, the Court of Appeal stated that the ITC's trading activities were an essential aspect of its activities and that was no basis for distinguishing between them and other activities. Further, as copies of ITC's documents were widely disseminated at the time of its collapse, it was not open to the defence to argue that the documents were disseminated in breach of confidence.

Westcott (Inspector of Taxes) v Woolcombers Ltd (FT, August 7)

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After lengthy investigation, the Inland Revenue issued assessments on Lotus Cars because it determined that monies received by another company, GDP Inc, from Lotus Cars had come back into the hands of the Lotus companies or their officers. The General Commissioners discharged the assessments on the grounds that if there had been fraud on the taxpayers' part, the Revenue had failed to discharge the onus of proving it. In holding a decision of the Vice-Chancellor that the case be referred to the Special Commissioners for a rehearing, the Court of Appeal stated that where the assessments were made in time under section 36 of the Taxes Management Act 1970, the burden lay on the taxpayer to displace them and not on the Revenue to prove fraud. Moreover, fresh evidence would be admissible on the grounds that as the parties appeared to have deliberately misled the General Commissioners in a material manner, it would be wrong that the rehearing should be conducted in blinder.

The law reports will resume at the beginning of October.

By Aviva Golden

General Appointments

INTERNATIONAL EQUITIES OPERATIONS

Leading international investment group seeks to recruit Manager for City-based International Equity Operations Area, responsible for staff of 35 personnel handling settlements in international equities for all major currencies. Salary negotiable. Applicants aged 35-40, with minimum 10-15 years' experience at supervisory/management level within international equities, bonds, options and commodities markets, preferably gained in U.S./international regulatory bodies' requirements, should enclose full curriculum vitae, in strictest confidence, to:

Box A0637, Financial Times
10 Cannon Street, London EC4P 4BY

RESEARCH AND INFORMATION SYSTEMS

IN COMMERCIAL PROPERTY

The Financial Times proposes to publish this survey on FRIDAY SEPTEMBER 4th 1987

For further information contact:
Joanna Dawson on 01-336 2763 or your usual
Financial Times representativeFINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Contracts and Tenders

CITY OF
WESTMINSTER
BANKING SERVICES

The Council is to invite tenders for banking services. Banking concerns wishing to be considered should apply, in writing, to the address below, for a registration form, returnable by 11 September 1987. A non-refundable registration fee of £100 is required for each application.

City Treasurer (Ref F/DPB)
Westminster City Hall
PO Box 240
Victoria Street
London SW1E 6QP

City of Westminster

Business Opportunities

Legal Notice

In the Supreme Court of Bermuda Civil Jurisdiction 1985: No. 228
IN THE MATTER OF
MENTOR INSURANCE LIMITED
IN LIQUIDATION
AND IN THE MATTER OF
SECTIONS 25 AND 26 OF THE
INSURANCE ACT 1978
AND IN THE MATTER OF
THE COMPANIES ACT 1961

NOTICE TO CREDITORS OF
GENERAL MEETING

TAKE NOTICE that a General Meeting of Creditors in the above matter will be held at the Royal Hamilton Dock, Victoria Street, the City of Hamilton, Bermuda on the 10th day of October, 1987 at 10.00 o'clock in the forenoon.

1. Report of Joint Liquidators.
2. Other Businesses.

3. To receive and vote thereon a Proof of Debt must be lodged with the Joint Liquidators at their offices at 128 Front Street, P.O. Box HM 403, Hamilton HM 1D, B.M. between 9.00 and 12.00 o'clock in the forenoon on the 19th day of September, 1987. Proofs to be used at the meeting must be lodged no later than 5.00 o'clock in the afternoon of the 20th day of September, 1987.

Dated this 21st day of August 1987.
CHARLES W. KEMPE Jr., C.A.
and MICHAEL J. ARNOLD, F.C.A.
Joint Liquidators.

The FT Pocket Diary

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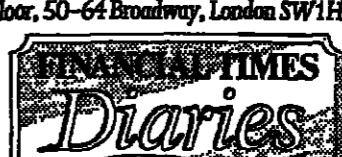
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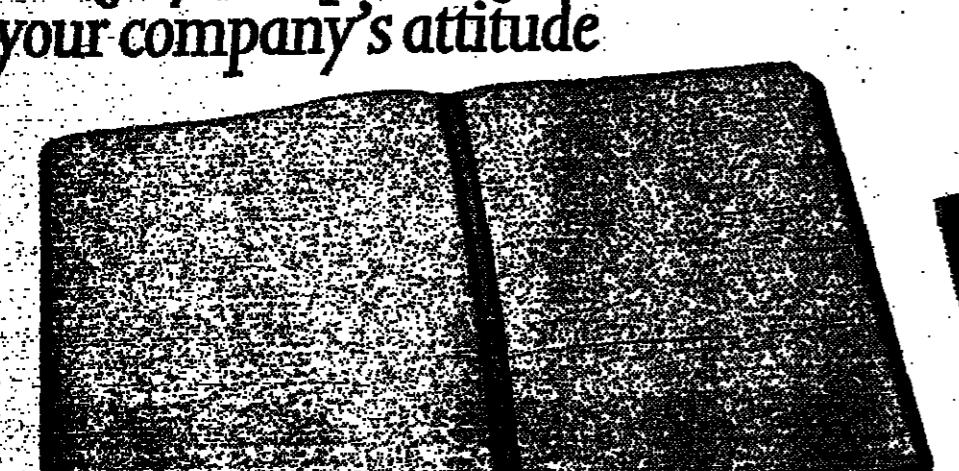
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THE ARTS

Arts Week

F S Su M Tu W Th
21 22 23 24 25 26 27

Opera and Ballet

LONDON

London Palladium: Ballet Theatre Francais with Rudolf Nureyev dancing each night in a Diaghilev season.

NEW YORK

New York City Opera: A fortnight of Sigmund Romberg's *The Desert Song* features Richard White and William Parcher and Pierre Birabeau in the company's first performances of the year, which are directed by Jim Coleman in Robert Johnson's production. Lincoln Center (870 5570).

JAPAN

Japan Folklore Art Dance Troupe: Programmes of traditional dances from the various regions of Japan, in spectacular, colourful and highly skilled presentation. English programme notes. Yubin Chokon Hall, Shiba Park (Thur). (562 9171).

Music

PARIS

Ensemble Gilles Bischoff conducted by Dominique Vallard: Cathedral Vocal Music, Ecole Notre-Dame de Paris (Mon, 8.30pm), Saint-Severin Church.

Anne Stelle Schie, piano: One Hour with Gershwin (Tue, 7pm). Auditorium des Halles.

Ensemble Erwartung conducted by Bernard Desgranges: Hommage to St John Perse and Blaise Cendrars with Durey and Miller (Wed, 8.30pm). Auditorium des Halles.

Choeur Ecclésial des Jeunes conducted by Emmanuel Kriwine: Gerard Causse, alto; Debussy, Bartok (Thur, 8.30pm). Salle Pleyel. All the above are part of the Paris Festival Estival (4504 9801).

LONDON

London Sinfonietta conducted by Sir Simon Rattle with soloists, Merchant, Birtwistle, Maciver, Kage and Barco. Queen Elizabeth Hall (Mon). (922 3191).

BBC Philharmonic Orchestra conducted by Edward Downes with Robert

Tear, tenor. Delius, Richard Rodney Bennett, and Rachmaninov. Royal Albert Hall (Mon). (569 6212).

Israel Philharmonic Orchestra conducted by Zubin Mehta with Shlomo Mintz, violin, Brahms and Mahler. Barbican Hall (Wed).

BBC Philharmonic Orchestra with chorus and soloists conducted by Edward Downes. Tchaikovsky and Borodin. Royal Albert Hall (Wed).

English Chamber Orchestra conducted by Edward Casner with Emanuel Ax, piano and José Luis García, violin. Mozart, Beethoven and Vivaldi. Barbican Hall (Thur).

Taverner Choir and London Sinfonietta conducted by Andrew Parrott with Rohan de Saram, cello. Machaut, Xenakis and Stravinsky. Queen Elizabeth Hall (Thur).

Theatre

NEW YORK

Frances (46th Street): August Wilson hit a home-run, this year's Pulitzer Prize, with James Earle Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1950s, trying to improve lot but dogged by his own failings. (221-1211).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically refined, but classic still in the sense of a rather staid and overwrought idea of theatricality.

Amadeus (Majestic): An immediate celebration of the heyday of Broadway in the '30s incorporates gems from the original film like *Smile Off to Buffalo* with the appropriately brash and leggy hoofing by a large chorus line. (777 9220).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as situations rather than emotions. (238 8200).

La Cage aux Folles (Palace): With some tmeeful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (751 2620).

I'm Not Rappaport (Booth): The Tony's best play of 1986 won on the strength of its well-drawn paper-thin characters, but still manages to hold its own. Michael Jeter as Arthur Miller's doomed longshoreman in *A View from the Bridge*; Juliet Stevenson in a fine revival of Lorca's *Yerma*; David Hare's production of *Kiss Me, Kate*, with a massive gridiron cast, which gathers force and more friends as it continues in the repertoire. (268 2228).

Sorosis (Opera House): New musical based on the life and music of Louis Armstrong opens Kennedy Center (354 3770).

South Pacific: Robert Gould stars in the Pacific and Hawaiian musical in the last weekend of Wolf Trap, Vienna, Va. (703 253 1869).

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TOKYO

Revive Festival: The Tokyo String Quartet Beethoven cycle (Tue, Wed, Thur), Highland Park (728 4642).

JAPAN

Japan Philharmonic Orchestra conducted by Ken-ichiro Kobayashi with Marin Alsop, violin. Rimsky-Korsakoff, Shostakovich, Sarasate and Ravel. Suntory Hall, Akasaka (Thur). (237 9592, 958 6056).

picked by the creative team of producer Cameron Mackintosh (from an astounding 11,500 hopefuls), then trained for nine months in a special "cole" and rehearsed by director John Caird. Costumes, set, sound, lighting have been supervised by the respective original designer flown in from London. *Tol's Les Misérables* is a triumph. The best production of a Western musical in Japan, it differs little from the original London version. Convincing and moving, this top-quality production shows what can be achieved with proper casting and training. Sponsored by the cosmetics company, Shiseido, Imperial Theatre, near Barbican Hall (Thur).

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CHICAGO

Sunday in

THE ARTS

Cinema /Nigel Andrews

Fanfare for the British at Edinburgh

Edinburgh Film Festival
Swimming to Cambodia directed by Jonathan Demme
Hamburger Hill directed by John Irvin
Ping Pong directed by Po Chih Leung

Nowhere in this rain-torn summer has more British pluck been shown than at the Edinburgh Film Festival. Each morning at nine, a sudden army of critics and festivalgoers clogged in at Filmhouse, shook themselves like wet dogs and sat down to dry during the 16 potential hours of movie-watching that stretched before them.

As a reward for this resilience beyond the call of duty, Mr Hickey gave us films that were mostly in English. He clearly saw that the desire of ignorant subtitled was no reward for our braving the dripping of Edinburgh's skies. Plus which, 1987 is blindingly the Year of British Cinema. After being harr'd at Cannes, our film-makers practically took over Edinburgh. There were films from David Leland, Alan Clarke, Peter Greenaway, Clive Barker, Derek Jarman and others; most of the sharply competitive festival entries, with their creative edge on keenly sardonic pictures of Britain past or present.

None is keener than Leland's *Wish You Were Here*. Freely inspired by the early life of Cynthia Payne (whom Leland immortalised in his script for *Personal Services*), the film has a wonderful debut from teenager Emily Lloyd. Lloyd's heroine is a girl who successfully seeks sexual or substantive adventure wherever she can find. In pre-permissive 50s England, her greediness, like the film's general survival, a faintly sinister affair with an older man (Tom Bell), and plentiful bust-ups with her family. The film is mocking, funny, affectionate and unsentimental.

Eita, Sue and Bob Too is all those things too, if more coarsely delivered. Directed by Alan Clarke (of *Scum*), the film's camera galumphs along in the wake of two schoolgirls (Michelle Holmes and Siobhan Finnigan) who wait for the prurient attentions of a married man (George Cragg). The mix of sexual innocence and "Ee bah gum" dialogue has attracted accusations that Clarke is patronising and/or exploiting his randy Northerners. Actually, the film is challenging.



Bob Peck and Edwin Mahinda in Harry Hook's "The Kitchen Toto"

ingly direct and was written, piping hot from her own experiences, by Andrea Dunbar.

Ritz, Sue opens soon around Britain and so do other home-grown films introduced at Edinburgh, including Clive Barker's ghouls-galore horror movie *Hellraiser* and Lesley-Anne Barret's feminist agit-film *Business As Usual*.

Less imminent, and well worth an early fanfare, are Harry Hook's *The Kitchen Toto* and Robert Smith's *The Love Child*. The first maroons us in darkest Kenya during the Mau-Mau uprisings: seeing them through the loyalty-torn eyes of a black kitchen boy (Edwin Mahinda) working for an English family destined for decimation. Panning for gold in the stream of history, Hook's first film has a few unconvincing plotlines, notably his storytelling flair, its glittering and powerful. *The Love Child* is an off-the-wall human comedy, school of Bill Forsyth: with Forsyth alumnus Peter Capaldi (of *Local Hero*) as a low-grade yuppie in late-age Britain, trading high-grade one-liners with the likes of grumpy Sheila Hancock and girlfriend Lesley-Anne. Script by Gordon Hann.

Britain's ability to make small-scale films that are both

entertaining and thought-provoking is currently the envy of the Western world. Would that France, Germany, Italy and other countries presently in a creative trough could follow the example. To match the UK, and the best new movies from the US (Edinburgh unveiled Schlesinger's steaming existential thriller *Milkshake* and Tim Hunter's macabre fable of small-town anomie *River's Edge*), one has got to go as far East as Japan, Taiwan and Mainland China. The People's Republic is at last punching its way into the city to a verdant, burgeoning Paradise. Annihilating all the greenery, it is matched in her loopy lyricism by the director. He turns what could have been a ponderous eco-fable into two hours of funny, unpredictable, Quixotic magic.

* * *

Into London this week comes the quirkiest American film seen at Edinburgh, *Swimming To Cambodia*. Gird yourself up for 80 minutes of nonstop monologue from writer-raconteur Spalding Gray. Helped by some modest multi-media flourishes, he projects stories behind him, a few lighting changes, music by Laurie Anderson — he regales us and his small off-Broadway audience with the appallingly hilarious tale of Shutter accent) star.

The Art of Success/The Pit

B. A. Young

To show at once that this is to be a play of low life, Nick Dear starts with a meeting of successful men, the Club of Beefsteaks, and casts their talk in such filthy dialogue that hardly a line of it could be printed here. The members of the club are William Hogarth, Henry Fielding, and a merchant and a peer of no special significance.

When we enter low life proper, the dirty talk is accompanied by dirty action; and, having said all that, let me add that the play has an interesting story, and an important theme. Mr Dear has chosen to express it through a series of encounters with whores, prostitutes and dishonest politicians, all of them still frequent in our world 250 years later than the time of the play — and even that time is uncertain, since it must encapsulate the publication of Hogarth's "The Harlot's Progress" and the consequent

Copyright Act and Walpole's delivery of the theatre into the hands of the Lord Chamberlain in the events of one night.

Hogarth is represented as a man with a faithful wife, but seldom away from whores. One of these, awaiting hanging for murder, lets him draw her in her cell; but then escapes and tracks the artist down to take the portrait for herself, for it portrays her private self. Fielding has put on a satirical comedy at his theatre ridiculing Walpole for his shameless nepotism, and Walpole has the theatre shut down. These great matters are expressed in terms of black farce, directed by Adrian Noble with an equal eye on the humour and the importance, but humour side up.

Melodramatic side too, and very effective. Michael Kitchen's playing as Hogarth is first-class, though I wonder (having no doubt done less research than Mr Dear)

whether Hogarth ever was quite so common and beastly as this. There is good playing too from Philip Franks as a slightly camp Fielding; it is on him that the play ends, as he and a pox-stricken harlot watch the Queen sail down the river in the royal barge, with Handel's music following behind.

Penny Downie is fine as the condemned murderer Sarah Sprackling, a decent young woman sunk to the depth. The character is an interesting contrast with the whore Louisa, everyone's favourite, who is a solid tradeswoman by her own standards. Niamh Cusack plays the one unquenchably good woman, Hogarth's wife Jane, kind and understanding in almost all the difficult situations into which Mr Dear precipitates her. The cast is unchanged from last year's production at The Other Place, Stratford, from which it now transfers.

With the exception of Mark

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Martin Hoyle

Entering the courtyard of plots against Elizabeth is kept surprisingly lively, thanks to the impassioned playing of Jonathon Morris, ideally ardent and impulsive as the starry-eyed Mortimer (surname, that is; though one is never too sure with foreign versions of British history — Donizetti's opera *Aldfred the Great* boasts a king of the Danes called Atkins).

The cast list includes some of the best-known Scots actors, Hannah Gordon, James Cairncross, John Cairney, John Fraser and Leonard Maguire among them. With Billy Connolly as Knox the roister would be complete. As it is, Miss Gordon's low viola tones, attractively infected with the hint of Mary's "plaisant pays de France", muster enough force in the humdrinker scene where she rounds on the "base-born fruit of an adulterous bed" to call Elizabeth a chip off the Boleyn block. Still, the

devil gets the best tunes, and I predict that by the end of the run Jill Bennett will be vastly enjoying the role of the Tudor queen. Already a subplot that might be described as kingly camp is showing through, as when she coyly toys with the question of the marriage that would deprive her, as she puts it, of "my greatest treasure". There is the faint suggestion of a leer in the pause before she explains, "My liberty". Miss Bennett's querulous seagull new certainly has the ring of authority, though not perhaps of 16th century autocracy. The air of disapproval as she gingerly enquires, "You're acquainted with the foes of England?" might be better applied to "Do you know the Buckinghamshire Ramsbottoms?" Elizabeth may have been the Virgin Queen; Miss Bennett divertingly plays her like a Maidenhead matron.



Jill Bennett and John Fraser

New ballet festival in Turin

This year Piedmont must be the Italian region with the largest number of dance performances. While the festival at Vignale (Vignal Dances) has gone on its merry way with performances, films and an enthusiastically attended summer school, the Municipality of Turin has now organised the first international ballet festival, with the intention of its becoming a regular annual event.

Turin and Vignale do not compete for the same audience since the latter relies very largely on people coming in to spend some time in the wooded hills of Monferrato, whereas the performances in Turin were often visited on business, the players — or meant above all for the residents, who in this first series had the opportunity to sample the work of 18 groups staying just two nights each.

The Parco Rignon where the performances take place contains the villa housing the new Dance Documentation Centre, which is due to open for business in the autumn with dance periodicals, films, videotapes and recorded music available to the general public. For the moment it holds only the dance books donated by its director, Alberto Testa.

With the exception of Mark

Morris' group, which was a last-minute addition, inserted as a prologue to all the companies who have been European, most of them French or Swiss. I saw two performances during the month-long festival, one from Zurich and one from Monte Carlo.

Switzerland, with its important dance competition at Lausanne, Oscar Aralz and Geneva (his company took two programmes to Turin, and Misia

into the Zürich programme. The Monte Carlo Ballet brought the one famous classical work presented at this year's festival, apart from the excerpts given by Vyacheslav Gordeyev's Moscow group. Swan Lake is a daring choice for a medium-sized company that is not yet two years old. Turin saw the first two performances of the production, which is being run in before its formal unveiling at the Salle Garnier during the winter season. With an orchestra and with David Walker's scenery in its entirety, Ben Stevenson's staging will deserve a less superficial appraisal.

For the most part, he seems to have used as a basis the Sergeyev Authorised Version that is familiar to English ballet-goers, with added display pieces for the French who rather oddly have the lion's share of the waltz with the fandangos (here very coy) in Act 3. Apart from this, Stevenson seems to be personally responsible for the trite Act 1 waltz and a Neopolitan Dance that owes much to Ashton.

The dances for the swans have had to be scaled down, because the company is not large enough to field the full complement; besides, the Turin stage (and this is one of its drawbacks) could not easily accommodate more than the 18 swans supplied in this instance.

Dramaturgically, there are few innovations; these include the return of the Queen Mother at the end of Act 1, when Siegfried loses his good humour on being instructed to marry, and the appearance of Odette in the ballroom at the end of Act 3. Odette and Siegfried seemed to be restored to life in the apothoosis, Soviet-style.

In the company's first venture into the world of柴可夫斯基's ballets, so understandably they have not yet acquired the requisite nobility and grandeur of style. Evelyne Desutter, on the other hand, had already appeared as Odette-Odile, for example in Festival Ballet's most recent production of the ballet. Since then, she has deepened her interpretation, which I consider outstanding — on a par with her exceptional technique, which faltered only at the end of the wretched *jouettés*.

Yannick Stephan and Guillaume Graffin danced the first of the two performances. Desutter was a guest artist, but she danced with popular young Frédéric Olivieri (also a Paris Opera-trained dancer), who is the mainstay of Ghislaine Thesmar and Pierre Lacotte's company. While Olivieri is an extraordinary virtuous dancer who has still to acquire the aristocratic mien for princely roles, Desutter is in every way an exquisite Odette-Odile. Her equality, never overdone, of her Odile. This deeply satisfying interpretation certainly came into Michelini's "vaut le voyage" category.



Michael Kitchen

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Friday August 21 1987

Cold bath time in the City

EVEN in these democratic times, the Bank of England still clearly subscribes to one item in the public school creed: cold baths are character-building. When interest rates were unexpectedly pushed up in the middle of the statistical month, the Bank was quite openly pleased with the shake-out it had provoked in the equity market. Yesterday, when the horrid facts came out, the Bank took the opportunity to add some iced water to the pool. There were no soothing explanations of the rise of nearly £5bn in bank lending; and just in case a previously buoyant market might recover its nerve, a £7.5bn BP privatisation issue was announced.

It is not easy to think of any precedent for this determined assault on a bull market, but the Bank's reasoning has been clearly spelt out in recent official speeches and in its quarterly Bulletin. The Bank has for some time been worried that credit-fed asset price inflation would sooner or later infect the economy at large.

There are good reasons for this worry. They are not, until now, those which most exercise City commentators. There is surprisingly little evidence that mortgage borrowing and privatisation profits are doing much to inflate consumer spending, which continues to rise almost exactly in line with incomes. House price inflation, on the other hand, already had a direct and measurable effect on the growth of money incomes themselves, in the shape of a round of increased regional weightings in pay settlements in the Bank of England's own patch, the financial sector.

Crocodile tears

There are also prudential worries about the financial sector itself. Brokers and market makers who are finding it very hard to meet their swollen costs out of commission and trading income, have been increasingly driven to highly-gated own account trading (as some manufacturing companies in Japan). The Bank has ensured that all those involved are now well aware of the risks, and was indeed reported yesterday to have been shedding some crocodile tears over the financial strains which have resulted.

The Bank's difficulty is that while it can create considerable shock and horror in its own im-

mediate neighbourhood, it has only the most marginal influence on the bull market it would most like to check: the house market. House-buyers will not even notice what has been done so far, unless they happen to own large share portfolios too. The rise in market rates has done no more than push mortgage rates from falling.

Indeed, there is little in the past history of the housing market to suggest that even a rise in mortgage rates would have any short-term effect on house prices; and the persistent strength of sterling argues strongly against even this modest move in the immediate future. Given this constraint, the attempt to induce the housing market through short-term rates is like trying to catch a charging bull with rice-chests from a pea-shooter.

Flood of money

All this suggests that while the Bank has shown that it can change the mood of the markets, it would be unwise to try to push its influence much further.

The flood of money which has been inflating asset prices all over the world is international. Indeed, it is the great exodus of foreign money in the British mortgage market. That is one reason for the acceleration in bank lending: the banking sector as a whole is now financing a much bigger share of this market than it was even a year ago, both through bank mortgages and market lending to the building societies.

It is in any case not the personal savings in the corporate sector which has contributed most of the growth. This reflects a number of influences.

Since bank credit-worthiness is now tarnished by troubles with developing country debt, corporate treasurers can exploit their own superior rating to borrow at very keen terms in the corporate paper market and lend on in the money markets.

Exchange-rate hedging also generates large credit flows, which have switched from the dollar to the sterling markets in recent weeks.

What we face in short is not a lending crisis, but simply a rise sharp enough to allow the Bank to overcome Treasury reservations, and fire the warning salvo which it has had primed for many months past. This should be quite enough to go along with.

The sources of violence

THE MURDEROUS assault upon innocent passers-by in the small country town of Hungerford, Berkshire, on Wednesday afternoon, was an isolated incident of a kind that is merely rare in this country. It will not be possible to understand fully what went on in the mind of the gunman, Michael Ryan, before he killed 14 people, wounded as many others, and finally shot himself. Yet those who say, with remembrance of mass murders like those at the Texas Tower in 1966 and McDonald's restaurant in San Isidro, California, in 1984, that this is the kind of thing that usually happens in the USA, are simply wrong. Less well known is that the Government can take action to reduce the level of violence in the community.

Common sense, and common observation, suggests that there are at least four roots of civil violence: the mental instability of individuals, the availability of guns, the ambience, and the living conditions of young people who see no hope for themselves in an increasingly affluent society. The Government is at least addressing itself to the latter in its efforts to improve the economies of Britain's inner cities; the degree of adequacy of those efforts is a separate matter. It is on the other three that attention must now be focused.

Powerful weapons

As to the first, there is not much that can be done about the mental instability of individuals. Michael Ryan's was not an isolated case, even in Britain. In 1984, for example, Jeremy Bamber killed five members of his family; in 1986 Colin Gill shot dead his wife, his four sons, and himself. Others, as in Chesterfield in 1977 and West Bromwich in 1978, have killed beyond their own families. Guns were used in most, but not all cases. It might be argued, with hindsight, that Ryan was not a man who should have been allowed to possess guns, but it is difficult to conceive of a workable system that would allow the police to deprive a member of a gun club of weapons because, say, his neighbours thought he was lonely and obsessive.

What the police could do, and by all accounts wish to do, is restrict the possession of

guns more severely, both by number of owners and by type of weapon. The overwhelming quantity of murders by gun-shot in the US is not unrelated to the mass possession of all types of guns. British gun control laws are tight, but not necessarily right-angled. The use of guns for target shooting appears to be on a rising curve, which may in itself be harmless enough, although some of the weapons available through sporting clubs are on the face of it more powerful than they need be for clay pigeons. The police are particularly concerned about the use of shot-guns in crime. It is also reported to be possible to order a variety of horrific weapons including a credit card number.

Even in this high-technology environment, however, Dr Scholes has not yet been able to justify nuclear magnetic resonance, although not for lack of demand from his doctors. It is expensive and it needs its own concrete bunker, he explains. Floor space is something he costs very carefully.

At present, for the 15-20 patients a month requiring a NMR scan, it is better commercial sense to buy time on the scanner at Guy's Hospital Medical School, a stone's throw away. One reason the numbers are not higher is that Dr Scholes' field does not include psychiatric medicine, an area where NMR is proving a particularly valuable diagnostic tool.

But Dr Scholes can offer a novel surgical technology in the same price bracket as NMR, which is much harder to find in Britain. This is called lithotripsy, a German invention for ridding kidneys

of stones without conventional surgery. It was pioneered by Dornier, the aerospace company, and in 1983 Dr Scholes was its first British customer, at a cost of about £1m.

The English are showing an insatiable taste for spectacles and live re-enactments. Whereas a picnic on the beach used to be the accepted way to spend the last hot days of August, this year families are looking forward to spirited skirmishes between the Redcoats and the French.

Some responsibility for chan-

ging traditional British amateur sports attaches to English Heritage (the popular name for the Historic Buildings and Monuments Commission for England).

This newish government

Electronics is transforming medical diagnostics.

Terry Dodsworth and

David Fishlock assess the consequences

Shaken by a nuclear blast

THE IMPACT of new technology on a well-established market has rarely been more dramatic than in the global reorganisation that has recently shaken the medical diagnostic industry.

Within the last four months

two major groups have merged in the sector, bringing together four of the world's top five manufacturers of X-ray and other imaging machines. All of these companies were big before the reshuffle began, and each of them enjoyed the backing of some of the world's largest electrical conglomerates — General Electric of the US and Thomson of France, the one head, and Philips of the Netherlands and the UK's GEC on the other. Yet they are all struggling with the financial and marketing pressures resulting from the development of the new diagnostic technique of nuclear magnetic resonance (NMR).

Invented initially in the UK, NMR promises to be the most significant initiative in imaging equipment — devices which look into the internal composition and working of the body — since the X-ray machine. The quality of the pictures developed by NMR devices is exceptionally high, allowing doctors to examine complex parts of the body in much more detail than in the past. In addition, the process is regarded as inherently safe, an advantage since it works by enveloping the body in a magnetic field rather than by firing radiation at it.

The advent of NMR has put heavy strains on the industry. Because the current machines

are costly — priced at well over \$2m (£1.2m) in their most expensive version — manufacturers are racing to cut costs through better electronics and software. US General Electric alone has spent \$300m in research on its product range. Executives say that the big companies are spending so heavily on the new equipment and marketing battle that none of them is making money.

"All the big competitors

worldwide have decided that NMR is the future, so there has been enormous investment in research and development, along with vicious pricing," says Mr Vincenzo Morelli, president of the European medical systems operations of General Electric of the US. "Companies have priced at the level they expect costs to be years down the road, and they have provoked a bloodbath."

The heavy cost of coping with the advent of NMR was first demonstrated by the decision of Johnson and Johnson, the American health care group, to pull out of the medical equipment market a year ago. The new round of rationalisation, however, is much more comprehensive in scale, and it began with an agreement between Philips, strongly placed in Western Europe, to merge with Pickler, the GEC subsidiary whose main operations are in the US.

This move was followed last month by GE's acquisition of Thomson's CGE division, a deal which gave the American group a strong position in the European X-ray equipment business, and put it at the top of the

world league table in diagnostic equipment, with total sales of approximately \$2.2bn a year, while Philips/Picker and Siemens are not far behind in revenue, these three are roughly triple the size of the next largest company, Toshiba of Japan. Such increasing market muscle must put a question mark over the future of second division companies such as Elscint, the Government-owned Israeli company which has recently run up heavy losses.

"These deals indicate the importance of size," says Mr Stephen Parker of brokers Wood Mackenzie. "In an industry which is characterised by a sophisticated market and high research and development costs, a broad product range and a critical mass are important concepts."

If the reorganisations are managed effectively, the big three groups will emerge with several of the features which are becoming increasingly evident in high technology companies grappling with new fast-growing activities.

• They will be strongly based in at least two of the three large regional zones, the US, Japan and Europe, which account for the bulk of world electronic sales — 85 per cent in the case of medical diagnostic equipment. GE will have the added strength of a significant presence in Japan, where it owns 75 per cent of Yokogawa Medical Systems.

Access to this spread of markets is important both for absolute sales and for long-term growth. Any company looking for scale, for example, can hardly ignore the US, which

accounts for roughly 45 per cent of the total world market of around \$5.5bn in imaging equipment. But growth prospects are better elsewhere. Under pressure from cost-cutting measures, the US market is expanding at only about 2 per cent, while sales in Europe, which is far behind in the use of sophisticated diagnostic equipment, are growing at approximately 6 per cent a year. Japanese demand is even stronger, going up by 10 per cent annually.

• The three big groups have a broad spread of diagnostic products as well. Indeed, they will produce in the bulk of the imaging equipment sold by the industry — conventional X-ray, computerised tomography (which uses computers to

analyse X-ray pictures) nuclear medicine (which traces disease on computer by following the path of an infected radioactive material) ultrasound and NMR.

This means that they all have the ability to sell complete packages to hospitals, and more specifically to radiology departments which tend to choose the equipment.

• Finally, technology is playing a central role in the battle for competitive advantage. The drive to bring down electronics and software costs is one of the main reasons for the dominance of the large electrical and electronic companies in the industry. As in businesses like advanced semiconductor manufacturing, competitive strength has less to do with production costs than the ability to bring

a strong balance sheet to bear on heavy research and development expenditure, alongside a distribution system which allows rapid commercialisation of the product.

The increasing emphasis on electronics is one reason why the industry is now waiting apprehensively for the Japanese response to the latest shake-out. Companies such as Toshiba and Hitachi have won the respect of the peers for their ability to minimise similarly and reduce costs throughout their skill in electronic engineering. The combination of these skills and Japan's fetish for health care means that the Japanese market must now figure large in the forward planning of the industry's global marketeers.

der. Siemens' bid of \$800,000 beat Philips and US General Electric.

Dr Scholes has also earmarked another £390,000 for an advanced X-ray system called digital subtraction angiography, which will allow surgeons to image the coronary arteries and user laser treatment to reopen narrowing blood vessels. So fast is this technology moving, however, that he is deferring investment until it is clearer just which system they should buy. He has also invested £150,000 in nuclear medicine, which uses radioactive materials to trace the pathways and patterns of disease.

For his array of more conventional X-ray technology — including mammography, which is now seen as a valuable tool for early detection of breast cancer — Dr Scholes put the contract to equip both his new hospitals out to ten-

Electronic images at the heart of the hospital

to justify nuclear magnetic resonance, although not for lack of demand from his doctors. It is expensive and it needs its own concrete bunker, he explains. Floor space is something he costs very carefully.

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But the market pioneered by Dornier in the early 1980s soon attracted competitors, including Siemens and a smaller German group, Wolf. In May, London Bridge Hospital, devoted to acute medicine and surgery and specialising in heart and kidney complaints.

Where the Dornier machine necessitated construction of a new building near Harley Street, the Wolf is miniaturised and much simpler for

patient and doctor. Moreover, it costs only \$600,000, it uses a piezo-electric method for generating shockwaves that avoid the high voltage of the Dornier. Dr Scholes has been able to cut the cost of treating a kidney stone from \$1,500 basic plus \$500 for each follow-up treatment needed, to \$1,000 for however many attacks on the stone are required.

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Men and Matters

YORKSHIRE, the English Civil War Society intends to fight a major battle at Scarborough Castle.

The society was formed some 20 years ago when two "armies" — the Roundhead Association, and the King's Army, began to re-enact events of the English Civil War. They now have a combined muster of 2,500 good men and true, together with assorted weaponry, including 16ft long pikes, and muzzle-loading muskets.

Their unofficial motto is, "Eccentric, but by no means frivolous". Which seems to sum up plans for this military-historical weekend.</

IN THE next week or so the Treasury and British Petroleum will have to resolve an important conflict of interest about how much of this autumn's £7.5bn share offering is to be placed abroad.

The company wants to take the opportunity to broaden the geographical spread of its shareholdings, particularly now it has bought the 45 per cent of Standard Oil of the US which it did not already own.

With half its assets in the US, BP has a strong motive for trying to raise the proportion of its shares held overseas from the present 6 per cent of equity. A target of 25 per cent overseas shareholding—which BP originally hoped to obtain—would imply that as much as half the autumn share offering should go overseas. US shareholdings are desirable for a company like BP which will spend large capital sums in that country.

The Government, however, remains wedded to the concept of expanding share ownership in the UK and sees the sale of its holding in BP as an ideal way of advancing mass capitalism. Some senior politicians may also be reluctant to loosen historic ties with the UK's largest company by letting it float too far from British ownership.

Indeed, when BP decided to wrap its rights issue in the same package as the Government's offering it clearly hoped it would be able to push open the door to foreign investors considerably further than if the sale was entirely a government affair.

Since the details of the offering have yet to be decided, it remains to be seen whether this ambition will be fulfilled. The

Government's announcement yesterday of a major campaign aimed at small investors suggests that BP has already lost the first round.

Although Mr David Simon, a BP managing director, insisted last week that there was no dispute with the Government, it seems clear that a fairly sharp tussle is looming. The terms of the "clawback" which would allow the overseas placement of shares to be cut back in the event of excess domestic demand is particularly important.

For the British Gas flotation last December, it was agreed that

should be allocated just under 20 per cent of the total shares offered with 40 per cent each for UK institutions and for the British public. But if the public applied for more than twice its 40 per cent slice (as happened in the event), another 24 per cent would be "clawed back" from the UK and foreign institutions.

On the one hand it might be thought that the US investors' present 6 per cent is a relatively small base from which to build. Given, however, that Americans have responded fairly enthusiastically to BP's recent efforts to raise its international profile and to the efforts of Mr Bob Horton and Mr John Browne in running Standard Oil, BP can hope that a substantial proportion of the £4.7bn invested in Standard before the buyout will be available for BP's autumn share offering.

Even so, BP does not want to be burdened with servicing millions of piggy-bank shareholders mainly to satisfy the Government's political ambitions. For the third largest oil company in the world, any rationale for soling the state minority holding must include a desire to substitute the disciplines of international capital markets for the fiction of government influence.

So once again the Government is faced with that conflict inherent in its policy of asset sales, between a desire to make a big popular splash and the longer term interests of the enterprise under the hammer.

When oil and politics do not mix

Max Wilkinson considers some problems in BP's £7.5bn share sale

Victor Mallet on the black South African mineworkers' strike

A trial of strength

FOR THE PAST 12 days some 300,000 black miners have been on strike in South Africa's gold and coal fields. It has been, as Mr Cyril Ramaphosa, the miners' leader said it would be, the biggest such stoppage in the country's history.

With gold and coal exports accounting for more than half foreign earnings, a lengthy mineworkers' strike would threaten the economy. But so far the dispute has probably had more significance for politics and the future of industrial relations than for South Africa's economic wellbeing.

Gold continues to reach the Reserve Bank as the mining companies process their ore stockpiles above ground.

After hoarding gold for the best part of a year, the Reserve Bank could sustain a long cut in production—an analytical calculation that the strike could have last more than a month to have a serious impact on output.

At this stage the strike is more important as a demonstration of the growing power of black trade unions. The mining houses, remembering much-heralded mine strikes in previous years which crumbled after a few days, were caught off guard by the overwhelming and sustained response of workers to the strike call by the National Union of Mineworkers.

"I think we've proved to the mining industry that workers reject the pay increases that they implemented, that workers are determined to fight for a living wage to the very end and that we are a strong union with

effective structures which can mobilise thousands of workers," says Mr Ramaphosa, the NUM general secretary, adds.

The NUM was formed in 1982 and already claims more than 360,000 members (although it concedes that not all who have signed up have paid their union dues) in an industry employing just over half a million.

These miners are the most important group in the country's largest labour federation—the 700,000-strong Congress of South African Trade Unions (Cosatu). They are flexing their muscles at a time when black trade unions are becoming increasingly militant in politics as well as in the workplace.

There are rumblings that black workers in other industries may strike in support of the miners.

Cosatu and the NUM have publicly adopted the 1955 Freedom Charter, the vaguely socialist document which outlines the aims—including nationalisation of mines—of the outlawed opposition movement, the African National Congress.

Many employers believe the trade unions have been pushed to the forefront of politics by President P. W. Botha's reluctance to allow blacks any other acceptable forum in which to press their demands. The media have been restricted, thousands of people have been detained under the state of emergency and the United Democratic Front, South Africa's largest anti-apartheid coalition, has been all but driven underground.

Trade union members have been detained, and reformers in

South Africa fear that the high political profile of the unions could mean the Government will try to curb their activities. The legalisation of black trade unions in 1979 was the most significant of the Government's moves to reform apartheid; its effect on South African life has been many times greater than other reforms, such as the legalisation of sexual relations and marriage between the races.

For reformists and union leaders, an alliance with the opponents of Mr Botha's ruling National Party is an obvious step. As Mr Elijah Barayi, Cosatu's president, told the federation's second national congress last month: "Politics and the NUM have adopted the principles of the working class."

Yet many rank-and-file trade unionists, particularly the NUM miners from rural areas and from neighbouring black states such as Lesotho and Mozambique, are more interested in wages than in politics. They are fearful of joining the swollen ranks of the unemployed.

Few have responded to the NUM's call on them to leave mine hostels and return home to put more pressure on the employers. Some miners are said to have needed hospital treatment after eating lunches laced with insecticide.

The NUM has taken care during the strike to emphasise its demands on pay and conditions rather than its broader political aims.

As well as being the biggest mine strike in South African

history (the employers say about 250,000 have downed tools and the union puts the figure at 340,000), the dispute threatens to be one of the most bitter. It may not match events in 1922, when the army was sent in to crush an uprising on the Rand by white miners worried about losing their jobs to blacks, but it has already been marked by considerable violence.

NUM officials say that over 250 miners have been injured in clashes with police and mine security men and that more than 200 of the union's members have been arrested.

Mr Ramaphosa this week walked out of talks on the issue of violence with Anglo American, the largest mining house and the one worst hit by the strike, after hearing that strikers had been injured by police near one of the company's mines in the Orange Free State. He denounced Anglo American as a "treacherous, cowardly and ruthless organisation."

The employers have accused NUM members of attempting to intimidate working miners into joining the strike. One man was found strangled by a coat-hanger, possibly because he had continued to work; elsewhere to be tricked back to work.

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As well as being the biggest



Striking black mineworkers march towards Johannesburg

Censor to the judiciary?

From the Managing Director, Amalgamated Metal Trading

Sir—In every case currently before the UK and overseas courts concerning the default (probably fraudulent) of the International Tin Council in terms of its dealings with UK companies (which has left them with losses estimated in excess of \$900m), the council and its 23 member Governments are trying to hide behind arguments that they are not subject to the laws that they themselves have imposed upon their own subjects.

Currently they are endeavouring to prevent the court to which they are referred from exercising its jurisdiction in what has been described in court as "the biggest fraud since the South Seas Bubble."

Like "Spycatcher" the ITC documents that its creditors wish to present in court have been freely available in the public arena for about a year—the Press have them, the brokers and banks have them, the select committee has and has published them, and the European Parliament has them. Yet Lord Young is believed to be signing documents that will instruct the courts that it would be against the public interest for judges to be allowed to see the documents that are already available to the public at large.

Should this happen, Lord Young would be setting that it is against the public interest for our judiciary to see the evidence against these public servants responsible for running the ITC and judge accordingly.

Why should the judiciary alone be precluded from information which is public knowledge? To certify that such knowledge is against the public interest can only serve to thwart a proper trial of the underlying case—the obstruction of justice can never be in the public interest.

Lord Bridge has warned in respect of the Spycatcher fiasco that the Government will face "inevitable condemnation" and commented that the Government's present attempt to "insulate" the British public from information freely available elsewhere was "a significant step" down the dangerous road to censorship.

Surely, it is even more ludicrous to attempt to censor information available to the judiciary when the content is available to the interested British public. To quote Lord Bridge again: "If the Government is determined to maintain the bar in the end, it will face inevitable condemnation and humiliation by the European

Court of Human Rights in Strasbourg. Long before that it will have been condemned at the bar of the public opinion in the free world."

Lord Bridge recommends the Government to re-appraise the whole Spycatcher situation. I heartily agree. So should it re-appraise its attitude to the ITC default—at least it started in the right with the Spycatcher situation!

K. H. Gaunt,
Adelaide House,
London Bridge EC4.

Spycatcher judgments

From Mr F. Johnson

Sir—Justinian is less than a consistent or just in some of his remarks (August 17) on Spycatcher, and the perfection he attributes to Lord Oliver's judgment as compared with his dismissal of Lord Templeman's reasoning shows some imbalance.

To me the best of Lord Templeman's reasons is his second—that if the injunctions are not continued then future disgruntled civil servants could attain publication of whatever they have gathered in their public service simply by obtaining publication of the relevant section of the ITC's internal memorandum. Why is this the danger of this more apparent than real and at best highly speculative? when this very ground has already been used by those opposing the injunctions in the Spycatcher case—and Justinian himself pronounced in his last paragraph that the injunctions should have been lifted at the stage when Spycatcher reached the public domain.

If Mr Justice Holman is right in saying that the life of the law is not logic but experience, then the Attorney General is right to try to prevent the Spycatcher experience becoming the law and so enabling the publication of information obtained during government service to be published by people sworn not to divulge it.

Frank Johnson,
9 Hazelley, Tring, Herts.

Beyond the pale

From Mr R. Seeds

Sir—Usually I am automatically sympathetic towards those making a point of being out of tune with their times. But I find merely clumsy incongruity in the unfashionable case of Mrs Toni McLoughlin

(August 13) with her artistic bullfighting. Her thinking is not so much apart from the norm as beyond the pale.

I freely grant her the high breeding of the fighting bulls. But, given this, why then are these splendid animals so damaged, so cut down in physical potential, before they even enter the ring? Shaved horns, twisted muscles, terrible indignity or having their eyes smeared thickly with Vaseline are just examples.

It is the heroism, the artistry of the bull fighters if all that can be said is poor creature close to a cow?

Our keeper of livery stables implies that she is not altogether certain about the horses served up to sate the bull's strength, but she should know that cut vocal chords and blinding in one eye are said to be common, while that notorious aficionado Ernest Hemingway wrote of the willing beast being ridden from 30 miles away the day before each festival that it might be stiff the next day as to stand immobile for the bull. As for serving the bull after a horse has proved nothing but to go where its rider desires and that time after time.

There is indeed an artistry in bullfighting—but that is in Portugal. And there, it so happens, is also a supreme artistry in horsemanship, with bulls defeated, so to speak, by pure haute école.</

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FINANCIAL TIMES

Friday August 21 1987

Tiphook
Trailers, Containers and
Rail Wagons move
around the world.
Tiphook

Lancaster House, 7 Bradford Road, Bromley, Kent

Labour unrest flares again on streets of S Korea

LABOUR UNREST flared in South Korea yesterday when strikers fought office workers and police fired tear gas at miners. The continuing turmoil has cost the country more than \$700m, Reuter reports from Seoul.

Chief State Prosecutor Mr Lee Jong-nam repeated Government warnings that radical protesters would be arrested and tried.

Richard Gourlay explains the anger behind five weeks of industrial strife

Economic miracle passed many workers by

MR KIM SOOK MO of Ulsan has a lot to do with why Americans can drive away from a showroom with an Italian-designed, five-door Hyundai Excel car for as little as \$5,500. In turn, this helps to explain why Hyundai Motor expects to sell Americans 250,000 Excels this year.

This increase of 70,000 over last year will probably happen in spite of the loss of 25,000 cars during strikes that have gripped many of Hyundai's 200 suppliers throughout South Korea over the last five weeks.

Mr Kim, a worker for Hanil Lee Hwa, which makes nothing but car seats, door panels and dashboards for Hyundai, is paid \$375 a month and is relatively well off. His male blue-collar colleagues receive on average \$300 a month while women get 10 per cent less, the company says.

Sometimes they work round the clock when overtime becomes compulsory to feed Hyundai's tight "just-in-time" component supply needs. At present, while Hyundai's lines are starved of components by strikes at other suppliers, there is no work.

As Hyundai Motor tries to gather enough components from suppliers to end its 11-day stoppage it is becoming clear that the Mr Kim's in smaller companies will not share out South Korea's rapid economic growth compared with workers in the more visible showcase industries.

"Our main problem is wages. We have asked for a 30 per cent increase," Mr Kim says, to which planning department manager,

Trade Ministry officials said the four weeks of strikes that began after the Government agreed to political reforms last month had cost the country about \$730m in lost production and exports.

They added that further economic damage was inevitable if the strikes persisted.

In the southern port of Pusan, about 100 footwear factory strikers armed with clubs

fought office workers who opposed the strike, leaving three injured.

Two people were hurt in the east-central town of Yonggwang as riot police fired tear gas to disperse 800 coal miners.

In the capital Seoul, Government officials began making contingency plans for a threatened strike by about 20,000 bus drivers on Saturday. Union leaders are demanding a 22 per

cent wage rise but employers have offered 5 per cent.

Industrial officials have said the unrest might gain confidence abroad in South Korea's business performance and help competitors chip away at the country's export market.

Trade Ministry figures showed that while exports grew 33.6 per cent to \$25.2bn in the first seven months of 1987 against the same period last

year, the growth rate dipped to 27.2 per cent in the first 15 days of August.

There were 595 labour disputes yesterday but 36 were settled by the end of the day.

Police said more than 1,100 small and medium-sized companies employing fewer than 500 people have been affected since July 1 by workers demanding a fair share in South Korea's economic success.



Striking miners in South Korea demand higher wages

Mr Lee Duck-yeon says: "Hyundai has already set the unit price. So, without increases in this price, higher wages are difficult."

This kind of pressure on suppliers in the shipbuilding industry, for instance, continues to keep yards elsewhere in the world under enormous pressure because of low costs.

By comparison, Hyundai's car workers are doing very well off South Korean standards, and are in a better position to negotiate through their new union representatives.

According to what the company has filed with the Stock Exchange, which analysts believe to be accurate reflections of re-

arrested for communist activities under the National Security Law, according to workers at the Social Labour Mission Council, which is beginning to speak out for worker rights. Observers say management used "to call in the boys" - a mixture of riot police and company thugs - in the past at the first sign of anti-company union organising. In a country where the Government has a very tight grip, the implication is that the fully cooperated with the company in some brutal suppression.

The ruling Democratic Justice Party has reluctantly recognised that workers' rights must be met. "Labour should be given a fair share of the (economic) growth which was achieved through their sweat and sacrifice." This was not spoken by a labour activist with political motives, of whom there are few in South Korea, but by the Government's party's presidential candidate, Mr Roh Tae Woo.

Although the Government is beginning to press Hyundai on its anti-union stance, observers say the real targets of attack on "Asian sweatshops" should be the footwear and textile industries that employ people with poor educational qualifications.

Apart from the markets' increasing suspicion of the official version - which is likely to make statistic-watching an even more obsessive pastime - those who seem reasons for fearing that inflation is back in town can find plenty. Those who are to be coaxed into bringing the bank lending rate down to the present level of just over 6 per cent, the bank to foreign buyers will, as ever, come out of the UK taxpayer's pocket, though the Government will doubtless argue that setting up creative tension between the three markets - the public, the UK institutions and overseas buyers - will help the market blitz to do with low international interest rates and oil prices and the strong Japanese yen that has given Korean products the edge, particularly in the US market.

It would be hard to argue that the markets took much comfort from the official line that the figures showed nothing more than a continuation of earlier, well-known trends.

What would imply, after all, that the base rate rise was just a return to the monetary climate before the pre-election cuts, and that unless inflationary forces worsen from here there should be no need for another.

As far as the markets' immediate reaction to yesterday's money supply and bank lending numbers was little short of a let-down. The turnaround on the FTSE 100 index was marginally as large as that of the Thursday, two weeks before, when base rates rose.

And despite soothing noises from the authorities, gilt-edged

prices closed barely above their lows while equities were still well down on the pre-announced

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SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Friday August 21 1987

Plessey to consider end to quarterly reporting

BY DAVID THOMAS IN LONDON

PLESSEY, the UK electronics group, may discontinue quarterly reporting as a result of a decision by the New York Stock Exchange to relax listing requirements for foreign companies.

Plessey's move may prompt a number of other large British companies listed on the New York exchange to consider whether to continue with quarterly reporting.

The New York Stock Exchange was given permission by the Securities and Exchange Commission in June to list foreign companies provided they adhered to the rules of their home countries.

Until then, the New York exchange had to abide by its often stricter rules including quarterly reporting.

Plessey said yesterday it would be consulting with its advisers and the City of London generally about whether to discontinue quarterly reporting as a result of the decision.

Sir John Clark, Plessey chairman, said reporting quarterly instead of every six months, was an unnecessary burden on the company and was highly misleading for a company like Plessey with a number of large contracts.

He described as the "most odious feature" of quarterly reporting the fact it was "constantly creating unnecessarily a speculative market in the shares."

About a dozen other large British companies are listed on the New York exchange including Barclays, British Gas, British Petroleum, British Telecom, Glaxo, Hanson, Imperial Chemical Industries, National Westminster and Unilever.

However, some of the companies listed recently were given a three-year dispensation before having to report quarterly.

Plessey disclosed its move as it announced pre-tax profits down 18.7 per cent at £35.2m (£57m) on

sales down 11 per cent at £290.5m for the first quarter to the end of June.

It also unveiled a joint venture with Italtel, the Italian telecommunications equipment group. The two companies will collaborate in developing new private exchanges and will distribute products into each others' markets.

From October, Plessey will be distributing for Italtel in Britain a small private exchange and a digital key system, which are desktop exchanges for small businesses. Italtel will be distributing a Plessey digital key system in Italy.

Mr David Day, Plessey's managing director for telecommunications, explained that the aim was to fill gaps in each company's product range, as well as to expand each other's sales. Till now, Plessey has sold very few exchanges in Italy and Italtel has sold hardly any in Britain.

Imperial 'offered C\$4.4bn' for Dome

By David Owen in Toronto

DETAILS of Exxon subsidiary Imperial Oil's unsuccessful April bid for Dome Petroleum, the beleaguered Canadian oil firm, emerged yesterday as part of the ongoing Bank of Montreal lawsuit against Amoco Canada.

In the transcript of an out-of-court examination by the bank, Mr Robert Peterson, an Imperial executive, said Imperial proposed to buy Dome for C\$4.4bn (US\$3.3bn) in cash or for a combination of cash and securities with a face value of up to C\$3.5bn.

In addition, Imperial proposed a variation on its all-cash offer, still valued at C\$4.4bn, under which Dome shareholders would have been offered Imperial stock, Mr Peterson said.

Dome rejected Amoco's secret C\$3.1bn offer last April in preference to bids also made in secret - by Imperial and TransCanada Pipelines of Toronto.

Bank of Montreal, a major Dome creditor, has been seeking to reopen bidding for the beleaguered oil company by persuading the court to change certain conditions in the Dome-Amoco takeover pact which inhibit re-offers.

It emerged earlier this year that Kongsberg along with the machine tool subsidiary of Toshiba of Japan had illegally sold sophisticated mining equipment to the Soviet Union.

Earlier this week the US Defence Department sent a memo to defence institutions ordering them not to place further orders with Kongsberg and Toshiba.

Kongsberg is already in deep financial difficulties following years of heavy losses and was forced to seek protection from its creditors two months ago.

The Norwegian Government has been seeking to rescue the defence activities of the group, which temporarily are functioning under a new operating company, Norwegian Defence Technology, during the current composition proceedings.

The latest plunge in the group's fortunes appears to have arisen from a new and much lower valuation of assets including stocks and work in progress. The company has been forced to prepare a complete

Harcourt puts magazine division up for sale

BY JAMES BUCHAN IN NEW YORK

HARCOURT BRACE Jovanovich, the US publishing house that recently repelled a takeover bid from Mr Robert Maxwell of the UK, has put its magazine publishing up for sale for an asking price of about \$400m.

Harcourt Brace, which adopted a strong textbook and general publishing business, last week reported an after-tax loss of \$70.8m on revenues of \$408.7m in the June quarter.

The loss was mainly caused by large once-and-for-all fees to professionals employed on the recapitalisation, but there was also a balloon of interest costs.

But Mr Kendrick Noble, a well-regarded publishing analyst at Paine Webber, said that the sale of the magazine publishing was "no surprise whatsoever" and that the recapitalisation, though risky, could still succeed.

Pace of Firestone advance slows

BY OUR FINANCIAL STAFF

FIRESTONE, the third largest US tyre maker, continued strongly in the third quarter to July, although at a pace slightly reduced from earlier in the year, with net operating profits ahead 58.5 per cent to \$36m against \$23m, or \$1.02 per share compared with \$1.01 cents.

Revenues rose from \$909m to touch the \$1bn mark, a level not seen since October 1985 when Fire-

stone implemented a closures programme to cut excess capacity.

For the nine months net earnings almost doubled to \$84m from \$43m. On a per-share basis the result was \$2.27 against \$1.10, also reflecting a \$115m share buy-back campaign which over the past year has reduced the number of shares in issue by about 8.5 per cent.

Sales at \$2.8bn were up by \$300m, benefiting from a currently strong market.

Tax credits provided an additional \$10m in the latest three months and \$12m for the year so far, while operations discontinued earlier in 1987 contributed a further \$20m to the nine-month result - the same period last year showed \$78m in extraordinary gains.

Buehrmann profits may top Fl 120m

BY OUR FINANCIAL STAFF

BUEHRMANN-TETTERODE, the Dutch paper, packaging and publishing group, expects profits this year to show an increase following a strong performance over the first six months of 1987.

The company, which turned in total profits of Fl 93m (\$44.9m) after tax last year, says net earnings for 1987 as a whole could well top Fl 120m due to strong sales volume,

notably by its capital goods division.

For the first half, group net sales rose almost 14 per cent to Fl 1.78bn

and operating profits improved 16 per cent to Fl 101.6m. Tax ratios narrowed and financing costs fell with the result that net profits for the six months emerged a full 44 per cent higher at Fl 46.8m.

Buehrmann still has problem

areas, notably in consumer goods. The company expects some recovery in this division for the full year, however.

● Nedlloyd, the shipping group, has slipped into the red for the first half of 1987, returning a net loss of Fl 56m, against profits a year ago of Fl 21.7m. First-half turnover increased to Fl 2.23bn from Fl 2.04bn.

BEAR STEARNS

This announcement appears as a matter of record only.

New Issue

A\$50,000,000

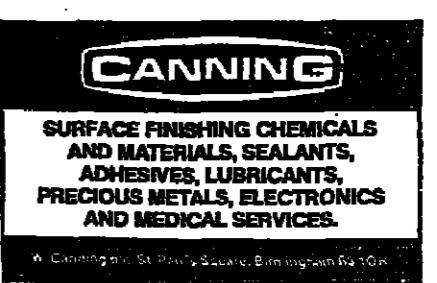
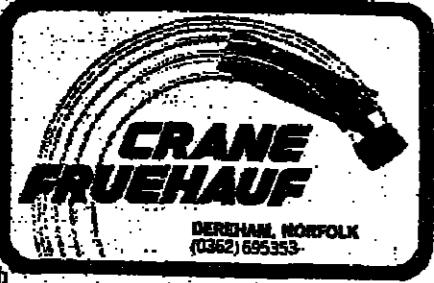
PEPSICO

13½% Australian Dollar Notes Due 1990

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July 1987



15

INTERNATIONAL COMPANIES and FINANCE

Kevin Hamlin on the local Chinese community's booming interest in investment in unit trusts

Hong Kong investors learn to watch out for bears

The Kingdom of Denmark

U.S. \$500,000,000

Floating Rate Notes due February 2004

For the six months 19th August, 1987 to 19th February, 1988 the Notes will carry an interest rate of 7½% per annum with a coupon amount of U.S. \$376.94 per U.S. \$10,000 Note, and U.S. \$9,423.61 per U.S. \$250,000 Note, payable on 19th February, 1989.

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£200,000,000
Floating Rate Loan Notes Due 1995

In accordance with the terms and conditions of the Notes, notice is hereby given that for the six months period from (and including) 19th August, 1987 to (but excluding) 19th November, 1987, the Notes will carry a rate of interest of 10½% per cent. per annum. The relevant Interest Payment Date will be 19th November, 1987. The Coupon amount of £10,000 will be £259.53, payable against surrender of Coupon No: 7. Hamlyn Bank Limited Agent Bank

Halifax Building Society

Floating Rate Loan Notes 1996

For the three month period from 20th August, 1987 to 20th November, 1987 the Notes will bear interest at the rate of 10½% per cent. per annum. The Coupon amount will be £130.75 per £5,000 Note and £1307.53 per £50,000 Note, payable on 20th November, 1987.

Morgan Grenfell & Co. Limited Agent Bank

MR TERENCE YEUNG Wai-sang, graphic designer, remained calm when he learned recently that he was to be made redundant. In anticipation of a large severance payment, he began feverishly snipping unit trust advertisements from local newspapers.

Redundancy is unusual in booming Hong Kong, but Mr Yeung is one of a growing number of local Chinese people who are showing renewed interest in unit trusts. The interest follows a long period of reticence caused by unscrupulous operations which fleeced many locals during the 1980s.

The Wyatt company, an independent firm of actuaries, says that best guesses indicate the local unit trust industry has grown from about 80 locally authorised funds, with assets of US\$1bn in 1978, to the current 242 authorised funds with assets in the region of US\$1.5bn. Mr Graham Stott, director, estimates that locals hold US\$1bn to US\$1.5bn of

Mr Dudley Howard, a manager at Jardine Fleming, says that in 1988 his company had unit trusts holding assets of US\$224m, and only nine local Chinese unit holders. At the end of 1986, following an aggressive promotional cam-

paign, Jardine Fleming had 298 investors from the Chinese community, and US\$1.9bn in assets under management.

This year, Mr Howard says, not a month has passed with-

Fidelity International in Hong Kong, says money invested by local Chinese in Fidelity's products has as much as quadrupled this year. "The resistance has now been broken down," he says. Mr Pearson reckons there could be 500 unit trusts authorised by 1989, holding total assets of HK\$2.5bn.

Local investors' interest has been sparked by increased wealth brought about by Hong Kong's remarkable economic growth and by the bull run on world stock markets, which has enabled a lot of people to make "killings" from their unit trust investments during the past three years.

Says Mr Pearson: "People are making money, and they are starting to talk. We are getting to that speculative stage where people on the street are getting involved." Referring to earlier street-level shop advertising, he adds: "This time around they don't want to lose all their money in one hit, and so they are coming to the professionals."

Mr Richard Chenevix-Trench, a director at Baring International, says locals now treat the management of their investments much more seriously. Previously "they simply rang up their broker and had a punt on something. It was completely irrational gambling, not

investment," he says.

Enormous growth in the unit trust industry there definitely has been, but Mr Pearson and Mr Howard agree that so far only the tip of the iceberg is showing.

Mr Pearson estimates that locals hold an average of less than one quarter of one per cent of their personal financial assets in unit trusts, compared with 11 per cent in the US, and 3 per cent in the UK. Mr Howard says that if the American example is followed, his estimated 25,000 local unit holders could grow to reach 750,000 by 1997.

Fund managers have been scrambling to meet the upturn in local demand, and there are now 100 unit trusts waiting for local authorisation according to Mr Derek Murphy, acting com-

missioner of securities.

Just over a year ago unit trust advertisements were a distinct rarity in the local press, but today they regularly leap out at readers boasting mammoth growths in net asset values.

Some fund managers are elated by this trend. Says Mr Mount: "The big expectation on the part of new unit holders is probably not healthy."

Despite that, most fund managers are confident the

local industry can survive the ravages of a bear market.

"It will set us back, sure, but the most important thing is to have bear market products. We could very easily, even in

years, but it is mainly a domestic affair with massive restrictions on foreign operations.

Mr Pearson says the Singapore Government has done "incredibly stupid" things in relation to tax matters" which has "severely impeded the growth of a viable unit trust industry within the

Hong Kong has witnessed no revenue-related changes imposed by the Island Revenue Department on unit trusts.

Local fund managers acknowledge that interest from the man in the street is historically a classic signal that bear markets are just around the corner.

A bear market expand that quarter of a per cent to about 1 per cent," says Mr Pearson.

Meanwhile, more fund management companies are establishing a presence in Hong Kong because of its attractiveness as an offshore fund centre. There are now 58 investment groups in Hong Kong, but Mr Pearson feels there is room for at least another 50.

Hong Kong's growth as an offshore fund centre is mainly due to the fact that other regional financial centres are hopelessly ensnared in red tape," according to Mr Pearson.

Japan's unit trust industry has seen rapid growth in recent years, but it is mainly a

revenue-related change imposed by the Island Revenue Department on unit trusts.

It remains to be seen whether Mr Young will be singing the praises of Hong Kong fund managers in a year's time. His success, or failure, will hinge on whether local centres are well placed to benefit from the local Chinese community.

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INTERNATIONAL CAPITAL MARKETS and COMPANIES

Austria and Panasonic launch \$500m of issues

BY ALEXANDER NICOL, EUROMARKETS EDITOR

TWO ISSUES totalling \$500m were issued into a still hesitant Eurodollar bond market yesterday, continuing a series of deals for some names designed to attract retail as well as institutional demand.

The Japanese Panasonic Capital, with \$300m, and Austria, with \$200m, were both triple-A rated, and the maturities for both deals were kept short at five years. Both were quickly syndicated in the market and were bid at discounts equal to or close to their total commis-

sions. Though there were mixed opinions about the salability of both deals, with some viewing the Austrian issue as slightly too tight, the prevailing view was that both were essentially fairly priced.

Meanwhile, rumours swirled in the market that a mandate had been awarded for a long-awaited \$400m issue for Belgium. But they could not be confirmed.

In the secondary market, Eurodollar bonds were mixed but basically steadier in reaction to New York's recovery after its recent sell-off. Eurosterling bonds dropped sharply after the UK published much larger than expected bank lending and money supply figures, but the price falls were not as great as in the gilt-edged market which took the brunt of the selling.

Syndicate managers do not believe that there is yet substantial investor demand for dollar bonds. But a number appear to think that the recent rises in yields have provided a buying opportunity. This is one reason for the current volume of issues emerging at a time when the climate appears bleak. If they are right, they will be able to sell the bonds on to investors with a handsome return.

With dollar investors wanting

INTERNATIONAL BONDS

ing little demand from Japan, where investors appear to be extremely concerned about currency risk. Nomura said that of \$125m of bonds it had placed itself, only \$30m was in Japan. Investors in Europe had been buying the issue, it said, switching out of US Treasuries and longer-dated Eurodollar bonds.

The issuer decided to proceed with a dollar issue despite the travails of recent days because swap opportunities and placement periods were deemed to be greater than in other sectors.

Chase Investment Bank brought Austria's five-year issue with a 9 per cent coupon and price of 101½ to give a 55 basis point spread over US Treasuries—the level at which the borrower's outstanding 10-year issues were trading in the secondary market.

This deal also appeared to have met a reasonable response without being a roaring success. Meanwhile, Swiss Bank Corporation's two-year issue on Wednesday also met demand, especially from Switzerland, and was increased from \$100m to \$125m.

Belgium has sought bids from many houses with the aim

of obtaining funds at 25 basis points below London interbank offered rates. At current swap rates, this would imply a fixed rate issue at 50 basis points above Treasuries. Many houses have probably put in bids at or close to this level, but very low yields. It is very tight, especially for an issuer which must have large denominations.

There is also a sizeable discount for local reasons, discouraging retail investors. This is complicated further by the borrower's apparent wish to make a fairly-priced issue which will go well in the market.

Elsewhere in dollar, Nippon Denki, a ferro-alloy producer, made a \$70m five-year bonds with warrants issue with an indicated 3½ per cent coupon and par pricing led by Nomura International. Nippon Cincos, a vending machine maker, issued \$60m of bonds on the same terms led by Daiwa Europe.

Mitsui Trust International brought a special purpose vehicle, Canavas, with a \$50m issued at 100½ with a coupon 22 basis points above Libor, repackaging some \$60m of Showa Denko equity warrant bonds.

In New Zealand dollars, National Westminster altered the issuer of its Wednesday issue to an Australian subsidiary and added ½ point to the coupon, making it 17½, after the group spotted a funding opportunity which necessitated switching the borrower. A NatWest loan to its Australian subsidiary would be subject to Australian withholding tax.

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Break-up of Swiss syndicate predicted

By Stephen Fisher, Euromarkets Correspondent

AN OFFICIAL of the Swiss National Bank has predicted the break-up of the bank syndicates which dominate new issues of foreign Swiss franc bonds.

Dr Markus Lusser, vice-president in the bank's Bern office, said he expected that especially for foreign issuers "competition would lead to the break up of the syndicate."

The main syndicate is led by Credit Suisse, Union Bank of Switzerland and Swiss Bank Corporation, the big three Swiss banks with the largest placement power for bonds.

Their 48-year-old agreement means they do not compete with each other for bond mandates and restricts their participation in issues brought by other lead managers, including foreign banks.

Dr Lusser said that a current review of the banks by the Swiss Cartel Commission would look into the bond syndicates, but said he believed that competition, rather than the commission, would bring about their break up.

He also called for greater responsiveness among the banks to market conditions, a factor he said would improve the state of the Swiss capital market.

A Swiss National Bank official said Dr Lusser, who made his comments in an interview with an Italian newspaper, was not urging a dismantling of the syndicates, merely predicting that it would follow gradually as a result of increased competition.

Senior bankers from the big three banks met in Zurich on Wednesday and decided to undertake a more comprehensive review of their cartel. Last year, the group relaxed some of the rules and last week agreed for the first time to participate in issues brought by foreign banks for their parent.

In spite of increased foreign competition, the main syndicate has increased the market share compared with last year.

According to figures from the weekly magazine International Financing Review, one of the three banks took on 69 per cent of all new issues in the first half of this year, compared with 63.9 per cent in the same period last year.

Profits in the energy sector continued doing well, according to the company in its interim report, and were "satisfactory" on the chemicals side.

However, aluminium earnings could not maintain last year's level.

The decline in VIAG's turnover was spread across all three

BASF earnings improve modestly for first half

By ANDREW FISHER IN FRANKFURT

BASF, one of the three big West German chemical groups, yesterday reported a rise in the D-Mark's firmness and low oil prices on its oil and gas business, as well as on the fibres division.

At parent company level, volume sales were up sharply, but not by enough to offset the effect of currency and price influences.

Thus turnover was 8.2 per cent lower at DM 9.2bn. Pre-tax profits were 2.1 per cent

higher at DM 780m, with plants operating at a high level and profits from stakes in other companies also showing an improvement.

The group said turnover was

the poor state of the fertiliser business, where plant closures have already been announced. Production is to be concentrated at Ludwigshafen in Germany, its headquarters, and Antwerp in Belgium.

BASF said actual profits on

its oil and gas activities were

better than last year, though

still below the levels of previous years. Results were down on

consumer-oriented products, as well as favourable on some areas of chemical production, as well

of the year.

Hoechst last week announced a

1 per cent rise in group pre-tax

profits to DM 1.45bn.

Indesit would return to profit

this year after losses of more

than IL100bn (\$75m) in 1984,

he claimed. The factories had

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As well as a secret reserve

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The new owners must under-

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He also indicated that Mr

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Indesit, which currently em-

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Their position would be re-

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Mr Zunino said, and the new

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The future of Indesit has

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leading international groups

have shown interest, but nego-

tiations have been generally

short-lived.

September 30 deadline for Indesit tenders

By Christopher Parkes, Consumer Industries Editor

BIDDERS for Indesit, the Italian appliances group, have until the end of next month to make their offers.

If all goes smoothly, an announcement could be made in late October, and the company could be operating under new management by January 1988, according to Mr Antonio Zunino, the state-appointed receiver.

Mr Zunino, who took on the ailing company two years ago, said a London court yesterday that final tenders must be in his hands by September 30. Several had already been received, he added.

Indesit would return to profit this year after losses of more than IL100bn (\$75m) in 1984, he claimed. The factories had been fully operational and strike-free for more than 18 months, and output would exceed \$60,000 appliances this year.

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Financing costs check Pharmacia

By KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

PHARMACIA, the Swedish biotechnology and pharmaceuticals group, said yesterday that group profits (after financial items) were unchanged in the first six months of the year at SKr 423m (\$87m) despite a 64 per cent increase in sales.

Group turnover rose to SKr 2.892bn from SKr 1.768m a year earlier following a series of acquisitions including Leo and LKB-Produkter in Sweden and Intermedics Intraocular in the US.

UK COMPANY NEWS

Textile rental side boosts Johnson Cleaners profits

A STRONG performance from its textile rental operations boosted the UK businesses of Johnson Group Cleaners in the half-year ended June 27, and the pre-tax result for the period moved 28 per cent ahead to £3.16m against £4.01m.

Turnover for the group, a Merseyside-based dry cleaning and textile rental concern, improved by nearly 12 per cent to £45.05m (£43.95m). Trading profits rose from £2.55m to £2.1m.

The directors are lifting the interim dividend from an adjusted 3.5p to 4.3p, partly to reflect the disparity. The total for the year December 27, 1986 amounted to 16.1p, adjusted for the three-for-seven scrip issue in April.

Mr Phillip Bollom, chairman, said the US companies had performed well but their contribution to the group's improved

performance had been partly offset by a further weakening of the dollar.

Net interest payable for the period fell to £233,000 (£1.14m) and after tax of £1.77m (£1.3m) earnings per share rose to 18.01p (14.45p). There was an extraordinary credit of £984,000 (£584,000) in respect of net surpluses on property sales.

Comment

Johnson merits a small prize for the originality of its reasoning for a flat performance from its UK dry cleaning operations: apparently, the calling of a general election in May caused a downturn in activity. The malodorous electors staved off unnecessary spending on cleanliness for fear of an increase in taxes under a Labour government. More convincing is the

weather factor, for Johnson benefits more from changing conditions than from the long periods of dreary cloud and rain which characterised the British climate for most of the early part of the year. Still, there was growth enough from the UK textile rental and US dry cleaning operations to make up for weakness elsewhere, partly through increased sales and partly through work on the margins, and the recent spate of acquisitions contributed perhaps a third to pre-tax profits.

At this rate the full year, boosted by a first contribution from the substantial Pride Cleaners acquisition, must set for a profit of £1.1m pre-tax. The shares bucked yesterday's fall in the market to put on 7p to 530p, at which level they look sensibly rated on a prospective price/earnings multiple of 14.

Sharp rise in profits continues at Ward Holdings.

Ward Holdings, Chatham-based householder, followed last year's substantial rise in taxable profits with a similar sharp increase in the six months to April 30 1987. On turnover up from £12.21m to £20.48m profits more than doubled from £2.23m to £5.2m.

Mr Denis Ward, chairman, announced a proposed three-for-one scrip issue and declared an interim dividend payment of 2p compared with 1.75p last time. Earnings per share rose from 11.2p to 27.1p or, allowing for the imminent scrip issue, from 2.8p to 6.8p.

In the year to October 31 1986 Ward reported profits of £4.72m to 22.75m.

Mr Ward said that there had been no recurrence of last year's extreme weather conditions which had adversely affected the previous half year's results. The winter weather had meant that minimal work had been carried out during the first three months of 1986 and profits had declined from £2.23m to £2.22m.

The market remained buoyant, he added, and the group's results for the full year would show a significant improvement.

Tax charges for the period rose from £739,000 to £1.64m.

sufficient net cash to cover the cost of move.

A pro-forma statement of net assets, taking account of these deals plus the conversion of £25m of bonds into ordinary shares and the receipt last January of £49m from the sale of its remaining engineering interests, shows net attributable assets of £511.14m against £444.1m at December 31 last year.

Cash in bank rises from £104m to £241.7m. Short-term borrowings are unchanged at £13.9m, with medium- and long-term borrowings falling from £165.5m to £148m.

Pearson, the publishing, banking and industrial group, made a £123m book profit on the £45m sale of Bracken House, headquarters of the Financial Times, the company said yesterday.

A letter to shareholders about the sale of Bracken House to Ohbayashi Corporation of Japan, completed on July 29, showed that at the end of that month the group had cash and short-term deposits of £231m, compared with indebtedness of £227m.

Lord Blakenham, chairman of Pearson, said in the letter that

COMPANY NEWS IN BRIEF

MORFITT & TURNBULL (management services), a subsidiary of N. Brown Group, has acquired for cash Daly Harvey Mackay, a life and pensions broker and fund manager based in Birmingham. The company has changed its name to Daly Harvey Morfitt.

WHINNEY MACKAY-LEWIS is looking at several potential acquisitions in design and other related fields and has won a

competition to be architects to Mobile Services for a computer centre development, the chairman told the annual meeting.

CHASE PROPERTY HOLDINGS has disposed of five properties in London, Taunton and Worksop since March with a total value of £8.75m.

BLANCHARD'S open offer of 486,730 new ordinary has been taken up by shareholders as to

183,809 (78.78 per cent) excluding the directors' entitlement of 222,749 shares. The balance, including the directors' entitlement, has been taken up by institutional places.

JAMES FINLAY is buying the outstanding 31.49 per cent stake in Midstiles Oil for a total of \$2.5m (£1.55m) to be satisfied by \$904,000 cash and the balance by the issue of 771,000 shares.

DOBSON PARK Industries—Of the 20.87m Dobson Park provisionally allotted ordinary shares 17.78m (approximately 85.2 per cent) were taken up. The balance has been subscribed by institutional investors.

DIVIDENDS ANNOUNCED

	Current payment	Corres. div	Total pending for last year
Aerospace Eng	1.56	Oct 2 1.3*	3.12 24*
Cattie's (Holdings) int	0.84	Oct 2 0.77*	— 2*
T. Clarke	—	— 0.71	— 2.7
Gaskell Broadcast int	2.2	Oct 21 2	— 6
Samuel Heath	16.5	Sept 29 15*	16.5 15*
Hodges Hldgs	—	—	1.13
Johnson Cleaners	4.8**	Oct 2 3.5*	— 16.1*
Microfect	0.8	Oct 5 0.5	— 1.25
Yulex Entpr	0.85	Nov 27 0.75	— 2
Quercus Motor	0.9	Oct 16 0.75*	— 1.8*
Tusk Forest	—	Oct 2 1.75	— 1.18
Ward Holdings	2	Oct 20 1.2	— 8.27
Waterford Glass	1.21††	—	2.88

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issues. † Capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. || Third market. ¶ Total of 1.8p forecast. ** Partly to reduce disparity. †† Irish currency.

SANYO ELECTRIC CO., LTD.

Curaçao Depositary Receipts of ordinary shares

The undersigned, acting as duly authorized Agent of Canech Administration Company N.V., hereby states that the above-mentioned company has made an interim dividend distribution of Yen 4 per share in cash for the financial year ending 30th November, 1987. Effective 21st August, 1987, this dividend will be payable, after deduction of 20% Japanese tax, on the value of 1.6p per CDR of 100 depositary shares of 50 ord. shares.

Residents of countries which have concluded a tax treaty with Japan, may, only afterwards, claim a 5% tax refund in Japan. The talons may be presented in:

LONDON to The Sumitomo Bank Ltd., Temple Court, 11 Queen Victoria Street, London EC4N 4TP.
HAMBURG to Bank Mees & Hope NV, Felzerstrasse 2, D.2000 Hamburg 1.
PARIS to Banque de l'Union Européenne, 4 rue Gaillon, 75 Paris 2e.
NEW YORK to Morgan Guaranty Trust Company of New York, 23 Wall Street, New York, N.Y. 10015.
AMSTERDAM to Bank Mees & Hope NV, Herengracht 548.
Amsterdam, 13th August, 1987.

BANK MEES & HOPE NV

To the Holders of

SHEARSON LEHMAN CMO, INC.

Series F, Class F-1

Pursuant to the Indenture dated as of February 1, 1985 between Shearson Lehman CMO, Inc. as Issuer and Texas Commerce Bank as Trustee, notice is hereby given that the interest rate applicable to the above Bonds for the interest period August 20, 1987 through November 19, 1987 as determined in accordance with the applicable provisions of the Indenture, is 7.625 Libor per annum. Amount of interest payable is \$184,241,7955 per \$10,000 principal amount.

SHEARSON LEHMAN CMO, INC.

Management buy-in at Perkins

BY FIONA THOMPSON

TWO SUBSTANTIAL figures shop in Taunton in 1948, is to sell some of the shares he and his family own, reducing their interests from 55.7 per cent to 24.5 per cent. He will place the shares, at 67p, with institutions, with Mr Terry Finn, a non-executive director of Golden Wonder, and with the investors — Mr Davies, Mr Phillips and two others.

Mr Michael Davies, until 1982 chairman of Imperial Foods, will become chairman, and Mr Howard Phillips is to resign as chief executive of Golden Wonder to take up the same position at Perkins. Their plan is to expand the business significantly, primarily through acquisitions.

Following the announcement, shares rose strongly by 37p to close at 195p.

Mr John Perkins, the butcher who started trading with one

Lloyds Merchant Bank. Perkins produced a pre-tax profit boost from £162,000 to £562,000 on turnover of £10.5m in the six months to March 28 1987.

Mr Davies and Mr Phillips between them spent 45 years in the food business.

"We decided at the turn of this year that we would like to do something fairly entrepreneurial together," said Mr Davies. "What we had done for other people we would do for ourselves."

"We needed to find a small, publicly quoted company in the food business. Perkins was a good choice, and we were attracted by our development plans."

The immediate plan, accord-

ing to Mr Phillips, is to "use all our contacts to trawl the market for acquisition opportunities available."

"We want niche businesses which won't be drowned by the majors, in the healthy-eating area particularly, chilled and fresh produce, ethnic and continental dishes. Mostly companies which sell to major retailers."

"They hope to acquire "at a reasonable rate of knots," said Mr Phillips, "say seven a year. Relatively small family businesses are the ideal."

As the company grows the investors will take a greater stake. Mr Gerald Bond, managing director of the company, will stay in place.

Profit up 50% at Aerospace Engineering

By Fiona Thompson

Aerospace Engineering, the precision and fabrication engineers, yesterday reported higher pre-tax profits of £1.5m, against £1m, for the year to April 30 1987. Turnover was £14.84m, compared with a restated £13.11m.

Mr John Davis, chief executive and group managing director, said that after a flat start, the year had turned out quite well. The two new acquisitions — Lark Engineering, trading subsidiary of Graweys purchased in November 1986, and Microtech Printed Circuits acquired in April this year — had both exceeded experts' forecasts.

"We feel significantly more confident than we have in the past," he said, adding that the company expected substantially better results in this year.

A unchanged final dividend of 1.56p is recommended, making a total of 3.12p for the year (3.88p). In addition, a one-for-five scrip issue is proposed and the directors anticipate that the dividend will be maintained on the increased capital.

Earnings per share improved from 5.5p to 7.35p after a tax charge of £335,000 (£376,000). Cooper Marleside had diversified further within the aerospace industry through the manufacture of a wider range of products, said Mr Davis. Outside aerospace, its involvement was growing in the manufacture of components for nuclear submarines and gas turbine engines.

Acquisitive Hodgson 37% ahead

Hodgson Holdings, the funeral director who has expanded rapidly via acquisition since it was floated on the USM just over four months ago, yesterday reported a near 37% cost of provenance in pre-tax profit for the half year to end-April.

The directors declared a 10 per cent rise in the interim dividend — from 2p to 2.2p — and earnings per share moved ahead from 7.7p to 8.5p.

The tax charge fell from £225,000 to £219,000.

Interest charge reduction boosts Gaskell profits

Gaskell, Bradford-based maker of computer peripherals, reported pre-tax profit down by 22 per cent in the first half of 1987 but turnover little changed from £10.03m, against £10.4m.

Directors said conditions remained difficult in the market for terminals but added that export sales showed good progress and monitor sales in the UK continued to be firm. They also pointed out that gross margins were being maintained and the financial position remained stable.

Pre-tax profits for this USM quoted company fell from £573,000 to £525,000. Standard earnings per 50 share were 1.3p and the interim dividend was 1.6p. Last year there was a total payment of 1.25p on pre-tax profits of £51.15m.

Gross profit came out at £506,000 (£701,000). The pre-tax figure included net interest received of £19,000 (£28,000 charge).

The tax charge was £180,000 (£250,000).

BRITISH AIRWAYS has given the Government undertakings not to acquire 50% of the share capital of British Caledonian or to enter into any agreement which would result in its holding or having an interest in more than 15 per cent in any class of shares in BCAL or its subsidiaries during the period of 15 years.

The company employs 215 staff and turnover in 1987 will amount to FF 70m (£7m).

Rowntree expands in France

Rowntree, the York-based confectionery manufacturer, is to buy Candice-Martial, a French retail chain selling confectionery and ice cream. The purchase price is not being disclosed.

The acquisition is a further step in Rowntree's strategy of increasing its activity in specialist food retailing in the UK and abroad. Hence the group already has two shops under the Original Cookie Company brand and 20 franchise outlets selling fresh chocolates.

Candice-Martial has a chain of about 40 retail outlets, mainly in the Paris area. They are under the brand names of Martial, Candice and Sunset Ice-Cream.

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COMMODITIES AND AGRICULTURE

Tim Dickson looks at one use for redundant EC farmland

Turning farmers into foresters

THE EUROPEAN Commission's long awaited plans to turn farmers into foresters are now expected to be unveiled by the end of this year.

Meeting a December deadline is currently the aim of experts in Brussels who believe that a new EC-wide forestry programme could play a significant part in tackling the problem of EC agricultural surpluses while at the same time increasing Europe's self sufficiency in timber.

Their immediate task, however, is not straightforward. Trees may be attractive to policymakers as a crop which is not in abundant European supply but the potentially high costs of encouraging farmers to diversify their production and divert surplus land to forestry will inevitably apply new pressures on the EC budget at a time when savings are being ever more desperately sought.

Experience has already shown, for example, that capital incentives are not enough and that income support will be necessary in the early years after planting, as well as research and technical support. So further battles within the Commission — notably the Agricultural Directorate-General known as DG VI — seem inevitable before any package for "farm foresters" is finally approved.

Much of the current thinking in Brussels is based on reactions to the Commission's discussion paper and accompanying memorandum published in 1986. This consisted of a lengthy review of the current state of the sector, plus a number of ideas for protecting and making better use of existing forests as well as developing new ones (wherein lies the interest for those concerned with alternative uses for surplus agricultural land).

What can be safely said at this stage is that any proposals put forward by the Commission will not aim to harmonise

national policies, will be designed to complement existing national and regional measures, will be regionally selective, and will be market-driven.

"Peddling the age-old argument that any forestry can be justified anywhere on the basis

as that in Western Ireland, Wales, Brittany, the Ardennes in Belgium; the rehabilitation of neglected farm woodlands, often hardwoods; short-to medium-term rotation coppice, eight to 30 years depending on species (oak, hazel, willow, chestnut, ash, sycamore) and possible on most land types; and so-called "agro-forestry"

the forest fires and soil erosion are widespread.

Optimists hope that the Single European Act, the recently introduced package to reform the Treaty of Rome and streamline the EC's administrative procedures, will improve the scope for more concerted forestry

and so-called "agro-forestry".

The practice of agro-forestry has two important aspects of note to the farmer," Mr Wall, a Commission official told a conference in Dunoon, Northern Ireland, earlier this year. "Firstly the rotation time is much shorter than that for traditional high forest. Even hardwood species may mature in 12 to 15 years. Secondly the farmer can still actively farm his land between the trees and does not have to regard land given over in this way as 'land lost'."

Mr Wall cautions that the Community "cannot economically produce the masses of high quality sawn timber to compete with that supplied from Scandinavia, the USSR and North America"—but he suggests that there may be scope for import substitution of low and medium grade sawn wood, panel products and certain kinds of pulp and paper.

When talking of an expanded EC farm forestry programme we do not want to see a haphazard scattering of postcode stamp' woodland which will not be anything more than expensive sized firewood or fence posts. However, grouped plantings of sufficient size, organised regionally so as to provide within such a reasonable catchment area an adequate and sustained supply of raw material could support new forest."

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

99.7% Unofficial + or - 5 per tonne

Cash 1740-50 +25 1760/1744

3 months 1740-50 +25 1760/1744

Official closing (sm): Cash 1740-50, three months 1740-50, settlement 1,185. Final Kats close: — Ring Turnover: — tonnes.

99.5% Unofficial + or - 5 per tonne

Cash 1154-B +5 1165/1154

3 months 1154-B +14.25 1165/1154

Official closing (sm): Cash 1,154.5, three months 1,063.4 (1,066.6-5.5), settlement 1,185. Ring Turnover: 22,150 tonnes.

COPPER

Unofficial + or - 5 per tonne

Cash 1079-BB +4 1084/1085

2 months 1067.5-B +3 1079/1084

Official closing (sm): Cash 1,082.3 (1,082.8-5.5), three months 1,063.4 (1,066.6-5.5), settlement 1,185. Ring Turnover: 1,083.4.

Standard Cash 1078-B +1.5 —

3 months 1078-B +2 1080/1081

Official closing (sm): Cash 1,082.3 (1,082.8-5.5), three months 1,063.4 (1,066.6-5.5), settlement 1,185. Ring Turnover: 1,083.4.

LEAD

Unofficial + or - 5 per tonne

Cash 401.2-B +1.5 401/400

3 months 395.5-B +1.5 395/393

Official closing (sm): Cash 400.5-1 (320-6), three months 383.5-B (370-6), settlement 401.2-B. Ring Turnover: 1,734 tonnes.

NICKEL

Unofficial + or - 5 per tonne

Cash 5370-BB +60 5385/5388

3 months 5358-BB +60 5385/5388

Official closing (sm): Cash 3,290.80 (3,230-6), three months 3,276.50 (3,230-6), settlement 4,030. Ring Turnover: 1,734 tonnes.

ZINC

Unofficial + or - 5 per tonne

Cash 482.5-B +2.5 480/483

3 months 485.5-B +2.5 483/482

Official closing (sm): Cash 480.5-0.5 (482.5-3), three months 483.50 (482.5-3), settlement 485.40 (485). Final Kats close: 483.4. Ring Turnover: 6,223 tonnes.

COFFEE

No follow-through was noted after Wednesday's late technically strong price gains in London. After a period of uncertainty the market traded in general quiet conditions, prompting some short-covering and price-rising. With the lack of immediate buyers, the market's mood was able to remain level and close near the day's highs.

LEAD

Unofficial + or - 5 per tonne

Cash 401.2-B +1.5 401/400

3 months 395.5-B +1.5 395/393

Official closing (sm): Cash 400.5-1 (320-6), three months 383.5-B (370-6), settlement 401.2-B. Ring Turnover: 1,734 tonnes.

CHINA IN JUTE PRODUCTION

BY DEBORAH HARGREAVES IN NEW YORK

THE CHICAGO Mercantile Exchange yesterday announced it would extend trading hours for its gold futures and introduce an incentive scheme to promote liquidity in the contract.

An official said the exchange expects regulatory approval to enable it to extend the close of trading in gold from 1.30 pm to 3 pm (Chicago time) on September 8. The exchange has also earmarked a \$1m fund to promote the contract, but this is still in the pipeline, the official said.

The Chicago exchange initially distanced itself on its 100 oz gold contract—which had not been traded for around two years—in response to some clearing difficulties experienced by New York's Comex earlier this year.

However, volume on the Chicago Merc's gold contract remains only some four to five per cent of that done on Comex.

Mr Alan Brody, the Comex chairman, dismissed the incentive plan as "an attempt by the exchange to attract some interest to a contract that is uninteresting."

The exchange is awaiting

regulatory approval to introduce delivery points in New York and London in addition to London, which the contract currently cites as a destination. This is in response to a request from the trading community to include extra delivery points, he said. Once these are in place, the exchange plans to begin listing additional contract trading months.

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UNIT TRUST INFORMATION SERVICE

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LONDON SHARE SERVICE

British Assurance Group		Crownford Invest Managers (Guernsey) Ltd		Kleinviertel, Seaside Islands Fd Mgmt Ltd		The New Zealand Fund		British Funds		British Funds—Contd.		Foreign Bonds & Rails			
511 Moyross St, London W1H 7RW	01-4310778	PO Box 86, Guernsey, Channel Islands	0861-26222	PO Box 44, Guernsey, CI	0481-27111	Box 71, Chichester Caves, Road Town, Brit Virgin Isd	01-639-55252	High/Low	Stock	Price + -	Yield %	High/Low	Stock	Price + -	Yield %
Services Limited	133 9	Crownford International	32-323	£1.75	-0.005	0.5%	11.54	1.62	1.62	100.0	10.15	100.0	100.0	100.0	10.00
Directors	111 8	Guernsey	11.54	1.62	-0.005	0.5%	11.54	1.62	1.62	100.0	10.15	100.0	100.0	100.0	10.00
Euromobilis Fd Mgt (Guernsey) Ltd	0481-270407	Guernsey	11.54	1.62	-0.005	0.5%	11.54	1.62	1.62	100.0	10.15	100.0	100.0	100.0	10.00
Euromobilis Fd Mgt (Guernsey) Ltd	0481-270407	Guernsey	11.54	1.62	-0.005	0.5%	11.54	1.62	1.62	100.0	10.15	100.0	100.0	100.0	10.00
Euromobilis Fd Mgt (Guernsey) Ltd	0481-270407	Guernsey	11.54	1.62	-0.005	0.5%	11.54	1.62	1.62	100.0	10.15	100.0	100.0	100.0	10.00
S.S. Europe Obligations SA	9 94	Korea Growth Fund	112-13	1.62	-0.005	0.5%	112.50	13.00	13.00	100.0	10.15	100.0	100.0	100.0	10.00
7 Avenue de la Liberté, Luxembourg	12 100	Korea Growth Fund	112-13	1.62	-0.005	0.5%	112.50	13.00	13.00	100.0	10.15	100.0	100.0	100.0	10.00
Luxembourg, 1000, Route des Champs, Luxembourg	12 100	Korea Growth Fund	112-13	1.62	-0.005	0.5%	112.50	13.00	13.00	100.0	10.15	100.0	100.0	100.0	10.00
ECM STA	12 100	Korea Growth Fund	112-13	1.62	-0.005	0.5%	112.50	13.00	13.00	100.0	10.15	100.0	100.0	100.0	10.00
Korea Investors	12 100	Korea Growth Fund	112-13	1.62	-0.005	0.5%	112.50	13.00	13.00	100.0	10.15	100.0	100.0	100.0	10.00
Europe Prestige Fund SA	12 100	Korea Growth Fund	112-13	1.62	-0.005	0.5%	112.50	13.00	13.00	100.0	10.15	100.0	100.0	100.0	10.00
37 Rue Notre Dame du Thabor, Luxembourg	12 100	Korea Growth Fund	112-13	1.62	-0.005	0.5%	112.50	13.00	13.00	100.0	10.15	100.0	100.0	100.0	10.00
Europe Life (Channel Islands) Ltd	0481-270407	Korea Growth Fund	112-13	1.62	-0.005	0.5%	112.50	13.00	13.00	100.0	10.15	100.0	100.0	100.0	10.00
Fund Interest	12 100	Korea Growth Fund	112-13	1.62	-0.005	0.5%	112.50	13.00	13.00	100.0	10.15	100.0	100.0	100.0	10.00
Alloy	12 100	Korea Growth Fund	112-13	1.62	-0.005	0.5%	112.50	13.00	13.00	100.0	10.15	100.0	100.0	100.0	10.00
Power	12 100	Korea Growth Fund	112-13	1.62	-0.005	0.5%	112.50	13.00	13.00	100.0	10.15	100.0	100.0	100.0	10.00
Proven Investors Co	12 100	Korea Growth Fund	112-13	1.62	-0.005	0.5%	112.50	13.00	13.00	100.0	10.15	100.0	100.0	100.0	10.00
FFM Future Fund Ltd	12 100	Korea Growth Fund	112-13	1.62	-0.005	0.5%	112.50	13.00	13.00	100.0	10.15	100.0	100.0	100.0	10.00
FFM Future Fund Ltd	12 100	Korea Growth Fund	112-13	1.62	-0.005	0.5%	112.50	13.00	13.00	100.0	10.15	100.0	100.0	100.0	10.00
Far East Growth Fund	12 100	Korea Growth Fund	112-13	1.62	-0.005	0.5%	112.50	13.00	13.00	100.0	10.15	100.0	100.0	100.0	10.00
FFM Future Fund Ltd	12 100	Korea Growth Fund	112-13	1.62	-0.005	0.5%	112.50	13.00	13.00	100.0	10.15	100.0	100.0	100.0	10.00
Fidelity International	12 100	Korea Growth Fund	112-13	1.62	-0.005	0.5%	112.50	13.00	13.00	100.0	10.15	100.0	100.0	100.0	10.00
9 Bond St, St. Helier, Jersey, CI	12 100	Korea Growth Fund	112-13	1.62	-0.005	0.5%	112.50	13.00	13.00	100.0	10.15	100.0	100.0	100.0	10.00
Global Performance Fund Ltd	12 100	Korea Growth Fund	112-13	1.62	-0.005	0.5%	112.50	13.00	13.00	100.0	10.15	100.0	100.0	100.0	10.00
Global Performance Fund Ltd	12 100	Korea Growth Fund	112-13	1.62	-0.005	0.5%	112.50	13.00	13.00	100.0	10.15	100.0	100.0	100.0	10.00
Global Investors Fund Ltd	12 100	Korea Growth Fund	112-13	1.62	-0.005	0.5%	112.50	13.00	13.00	100.0	10.15	100.0	100.0	100.0	10.00
Global Investors Fund Ltd	12 100	Korea Growth Fund	112-13	1.62	-0.005	0.5%	112.50	13.00	13.00	100.0	10.15	100.0	100.0	100.0	10.00
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Global Investors Fund Ltd	12 100	Korea Growth Fund	112-13	1.62	-0.005	0.5%	112.50	13.00	13.00	100.0	10.15	100.0	100.0	100.0	10.00
Global Investors Fund Ltd	12 100	Korea Growth Fund	112-13	1.62	-0.005										

LONDON STOCK EXCHANGE

Mon.

were US buyers for Beecham Jaguar.

British Gas, British Telecom and British Airways all gave ground.

First quarter results from electronics group Plessey—pre-tax profits came out at £23.3m in the same period last year—were given a good reception by the market and Plessey shares spurted 13 to 194p. Dealers were more than satisfied with the accompanying statement which called a 10 per cent rise in the order book, a 10 per cent rise in export sales and less dependence on the MoD and BT for its business.

The announcement that sterling lending by the UK banks jumped sharply last month sent both gilt-edged and equities plunging lower yesterday. The official figure of £4.9bn was nearly double some City forecasts, and raised fears of another hit in domestic interest rates. Early gains in bonds and equities were eliminated as the market was 40 points off the FT-SE scale, and gains were 2½ down.

However, both sectors tried to steady as money market rates reacted from their initial rises and official sources hinted that the markets reaction had been overdone.

The FT-SE 100 index closed 12.3 down at 2185.3, well through the 2195 support level, and leaving the market vulnerable down to around 2160, according to market chartists. The FT Ordinary Index plunged 12.2 to 1700.2.

In early trading, equities were 30.3 up at 1724.5, while bonds, backed by 14 point gains in Gilt, and a continuation of Wednesday's late rally. But the early gain was lost within minutes as the bank lending and money supply news sent marketmakers hurrying to short prices.

There was little trading as price control indices were impossible for marketmakers to input new prices for a time. When business returned to normal, dealing remained very difficult and market-makers were again accused of avoiding telephones and refusing to confirm screen prices.

The Government bond market was "in near-panic at one stage," according to one major trader. The session started well, sided by optimism from the National Institute of Economic and Social Research, and rumours that the bank lending total would be set at £2.4bn.

Some building houses, are believed to have been large holders of Government Bonds, and the sudden plunge in prices revived rumours that a major trader was in trouble. Long bond yields surged above 10.3 per cent as the City flinched at the danger that the Chancellor might have to print in order to bail him out.

Soothing comments by several marketmakers by "authoritative sources" calmed nerves only briefly, and prices turned easier again to end at the day's low, with net falls of 2½ points.

Industrial equities still looked unsettled at the close, but there were heavy falls in interest rate oriented stocks such as GUS, Tayside and Mass. Firm exceptions, however, included oil stocks, where British Petroleum steadily despite confirmation that October brings the £7.5bn final privatisation sale. There

was a slight dip in the oil price.

Elsewhere, Chancery Securities were quoted 8 higher at 241p as the company confirmed the acquisition of A & H Insurance for £1m via a share issue. Castles Holdings lost 2 to 642p on the day, while London and Manchester stock marketed a prime bid for the firm. In addition, it was revealed that the City's Britain's largest listed company had agreed to a 10 per cent stake in the Royal Bank of Scotland put on at 385p.

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

NYSE COMPOSITE CLOSING PRICES

AMEX COMPOSITE CLOSING PRICES

Continued from Page 32

12 Month	High	Low	P/ Stk	Div.	V.W.	E	180s	High	Low	Class Prev.	Div.	V.W.	E	180s	High	Low	Class Prev.	Div.	V.W.	E	180s	High	Low	Class Prev.	Div.	Stock	Stock		
Continued from Page 32																													
48	48	48	PepPl.	94.46	9.0	2200	50	48	48	+1	51	301	SchimbL	2.0	2.5	10129480	484	481	+2	271	171	UDC	2.20	12.6	189	19	1834	-1	
54	47	47	PepPl.	80.50	8.2	210	51	50	50	+1	204	81	SearAd	.12	.6	1979	204	197	+1	32	252	UGI	2.04	5.9	11	158	298	+3	
54	47	47	PepPl.	80.50	8.2	210	51	50	50	+1	204	81	SearCo	1.36	1.2	16	1034	882	+1	113	81	UNIC/c	1.05	11	105	11	104	+1	
54	47	47	Penn	2.20	1.5	18	32	57	56	+1	13	107	SectCo	52	12	13	13	145	+1	315	204	ULM	1.30	1.2	104	104	104	+1	
57	44	44	Penn	0.1250	4.2	5	59	59	59	+1	13	107	SectCo	p1.46	11.	11	26	137	+1	210	142	UPL	1.09	24	24	24	24	+1	
57	44	44	Penn	0.1050	4.2	4	38	38	38	+1	144	74	SectCo	p1.46	11.	11	33	161	+1	144	111	USFG	2.48	5.5	9	1282845	43	+1	
57	44	44	Penn	0.1050	4.2	4	38	38	38	+1	172	93	SectCo	p1C2.10	13.	13	96	161	+1	164	114	USFG	p14.10	7.4	571	561	554	+1	
57	44	44	Penn	0.1050	4.2	4	38	38	38	+1	172	93	SectCo	p1D4.12	7.2	7	17	157	+1	462	31	USG	1.12	2.8	9	310	405	+1	
57	44	44	Penn	0.1050	4.2	4	38	38	38	+1	58	341	SectCo	p1G1	1.2	17	217	801	+1	294	212	USLCO	0.88	3.5	11	206	261	+1	
57	44	44	PepOp	4.44	7.1	11	360	204	196	+1	204	81	SectCo	p1G2	1.2	20	232	216	+1	31	191	UST	s	1.20	4.2	14	3074	281	+1
57	44	44	PepOp	4.44	7.1	11	360	204	196	+1	249	125	SectCo	p1J1	2.7	37	2251	1307	+1	305	204	UST	s	1.20	3.1	1012338	371	+1	
41	41	41	PepCo	0.88	1.7	20	732	409	40	+1	204	81	SectCo	p1P1.10	28	15	263	391	+1	496	238	USX	p12.46	6.5	52	49	495	+1	
13	10	10	PepEn	0.85	7.5	25	92	111	104	+1	204	81	SectCo	p1P2.10	13.	13	96	161	+1	63	53	USX	p13.50	5.7	376	62	801	+1	
41	41	41	PepEn	0.85	7.5	25	92	111	104	+1	204	81	SectCo	p1P3.10	13.	13	96	161	+1	54	54	USX	wt	787	51	45	5	+1	
57	52	52	Pfizer	3.20	4.5	13	51	747	74	+1	58	341	SectCo	p1P4.10	1.2	17	217	801	+1	294	212	USLCO	0.88	3.5	11	206	261	+1	
57	52	52	Pfizer	3.20	4.5	13	51	747	74	+1	204	81	SectCo	p1P5.10	1.2	17	217	801	+1	31	191	UST	s	1.20	4.2	14	3074	281	+1
57	52	52	Pfizer	3.20	4.5	13	51	747	74	+1	204	81	SectCo	p1P6.10	1.2	17	217	801	+1	496	238	UST	s	1.20	3.1	1012338	371	+1	
57	52	52	Pfizer	3.20	4.5	13	51	747	74	+1	204	81	SectCo	p1P7.10	1.2	17	217	801	+1	63	53	USX	p17.25	4.6	161	161	161	+1	
57	52	52	Pfizer	3.20	4.5	13	51	747	74	+1	204	81	SectCo	p1P8.10	1.2	17	217	801	+1	54	54	USX	wt	787	51	45	5	+1	
57	52	52	Pfizer	3.20	4.5	13	51	747	74	+1	204	81	SectCo	p1P9.10	1.2	17	217	801	+1	271	142	UPL	2.0	1.0	20	204	261	+1	
57	52	52	Pfizer	3.20	4.5	13	51	747	74	+1	204	81	SectCo	p1P10.10	1.2	17	217	801	+1	31	191	UST	s	1.20	4.2	14	3074	281	+1
57	52	52	Pfizer	3.20	4.5	13	51	747	74	+1	204	81	SectCo	p1P11.10	1.2	17	217	801	+1	496	238	UST	s	1.20	3.1	1012338	371	+1	
57	52	52	Pfizer	3.20	4.5	13	51	747	74	+1	204	81	SectCo	p1P12.10	1.2	17	217	801	+1	63	53	USX	p12.25	4.6	161	161	161	+1	
57	52	52	Pfizer	3.20	4.5	13	51	747	74	+1	204	81	SectCo	p1P13.10	1.2	17	217	801	+1	54	54	USX	wt	787	51	45	5	+1	
57	52	52	Pfizer	3.20	4.5	13	51	747	74	+1	204	81	SectCo	p1P14.10	1.2	17	217	801	+1	271	142	UPL	2.0	1.0	20	204	261	+1	
57	52	52	Pfizer	3.20	4.5	13	51	747	74	+1	204	81	SectCo	p1P15.10	1.2	17	217	801	+1	31	191	UST	s	1.20	4.2	14	3074	281	+1
57	52	52	Pfizer	3.20	4.5	13	51	747	74	+1	204	81	SectCo	p1P16.10	1.2	17	217	801	+1	496	238	UST	s	1.20	3.1	1012338	371	+1	
57	52	52	Pfizer	3.20	4.5	13	51	747	74	+1	204	81	SectCo	p1P17.10	1.2	17	217	801	+1	63	53	USX	p17.25	4.6	161	161	161	+1	
57	52	52	Pfizer	3.20	4.5	13	51	747	74	+1	204	81	SectCo	p1P18.10	1.2	17	217	801	+1	54	54	USX	wt	787	51	45	5	+1	
57	52	52	Pfizer	3.20	4.5	13	51	747	74	+1	204	81	SectCo	p1P19.10	1.2	17	217	801	+1	271	142	UPL	2.0	1.0	20	204	261	+1	
57	52	52	Pfizer	3.20	4.5	13	51	747	74	+1	204	81	SectCo	p1P20.10	1.2	17	217	801	+1	31	191	UST	s	1.20	4.2	14	3074	281	+1
57	52	52	Pfizer	3.20	4.5	13	51	747	74	+1	204	81	SectCo	p1P21.10	1.2	17	217	801	+1	496	238	UST	s	1.20	3.1	1012338	371	+1	
57	52	52	Pfizer	3.20	4.5	13	51	747	74	+1	204	81	SectCo	p1P22.10	1.2	17	217	801	+1	63	53	USX	p12.25	4.6	161	161	161	+1	
57	52	52	Pfizer	3.20	4.5	13	51	747	74	+1	204	81	SectCo	p1P23.10	1.2	17	217	801	+1	54	54	USX	wt	787	51	45	5	+1	
57	52	52	Pfizer	3.20	4.5	13	51	747	74	+1	204	81	SectCo	p1P24.10	1.2	17	217	801	+1	271	142	UPL	2.0	1.0	20	204	261	+1	
57	52	52	Pfizer	3.20	4.5	13	51	747	74	+1	204	81	SectCo	p1P25.10	1.2	17	217	801	+1	31	191	UST	s	1.20	4.2	14	3074	281	+1
57	52	52	Pfizer	3.20	4.5	13	51	747	74	+1	204	81	SectCo	p1P26.10	1.2	17	217	801	+1	496	238	UST	s	1.20	3.1	1012338	371	+1	
57	52	52	Pfizer	3.20	4.5	13	51	747	74	+1	204	81	SectCo	p1P27.10	1.2	17	217	801	+1	63	53	USX	p17.25	4.6	161	161	161	+1	
57	52	52	Pfizer	3.20	4.5	13	51	747	74	+1	204	81	SectCo	p1P28.10	1.2	17	217	801	+1	54	54	USX	wt	787	51	45	5	+1	
57	52	52</td																											

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.	BidcD	54b
a-dividend also extra(s). b-annual rate of dividend plus stock dividend. cliquidating dividend. cld-called. d-new yearly div. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. h-dividend declared after split-up or stock dividend. j-dividend for this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the last 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend and stock split. Dividends begin with date of split; as -t, t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. w-in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. wr-with warrants. x-ex-dividend or ex-rights. xdis-extribution. xw-without warrants. y-ex-dividend and sales info. yld-yield. z-splits in full.	BidcEn	
	BoatBn	1.84
	BoatEv	.28
	Boheme	.05
	BoonWP	
	BootsBc	.81
	BonfFC	.48
	Bramme	.04
	Brand	.04
	Brtwig	
	BdpGm	
	Brunnm	
	BrunoF	.21
	BuildT	
	Brim	.24
	BurnBs	
	BMA	1.10
	BusInld	
	CCC	
	CFS	
	CAL	
	COMB	
	CPs	
	CUCln	.12
	DorySc	1.20
	Cadrx	
	Calgene	
	CaieBo	
	Caristic	
	Calny	
	CamBS	
	Canal	

OVER-THE-COUNTER Nasdaq national market, closing prices

Stock	Sales (Units)	High	Low	Last	Chg	Stock	Sales (Units)	High	Low	Last	Chg	Stock	Sales (Units)	High	Low	Last	Chg	Stock	Sales (Units)	High	Low	Last	Chg	
C	17 450	244	234	241	+ 1	Chemex	394	81	78	81	+ 1	FaAm	1,80	9	324	51	- 51	K	57 876	244	203	244	+ 1	
K	23 1233	142	141	145	+ 5	Cherok	31 1496	221	214	222	+ 2	FIABK	.40	296	12	12	- 12	KV	152 103	244	187	244	+ 1	
T	15 620	176	174	172	+ 2	Cheshire.08e	27 173	173	171	174	+ 1	FIAT	1,10	10 1205	301	293	- 301	Kuman	52	10	307	244	- 301	
mPs	2627 1594	171	19	19	+ 2	ChiChi	1110	81	83	83	+ 2	FIASv	.04	8	9	154	- 151	Karhars	524	194	161	161	- 104	
ARI	132 8	181	172	181	- 1	ChiDock.30e	17 18	32	31	32	+ 2	FEExcs	12	12	15	141	- 14	Kawdon	10e	21	189	234	- 231	
mds	38 382	214	184	184	- 414	ChiAuts	16 161	165	156	164	+ 1	FEFrpE2.12e	12	146	247	234	- 233	KyMyVa	.70	7	757	711	- 661	
apt	39 388	22	22	22	- 1	ChildWld	19 65	65	65	65	+ 2	FEFrpF2.88	16	31	265	265	- 265	Kemps	.60	8 321	35	31	- 341	
laSw	10 32	344	294	284	+ 114	Chilis	29	143	241	334	+ 3	FEFrpG	18	161	223	223	- 223	KyCola	.	9	174	185	- 185	
obSe	63 545	37	35	35	+ 12	ChipsTc	25 455	264	245	25	+ 2	FFMC	.12	3	215	200	- 201	Kinder	.03e	18 1537	19	181	- 19	
vTel	26 100	264	264	264	- 1	Chiron	333	27	27	27	- 1	FFPdC	.12	7	24	264	- 25	Kruger	.20	18 2053	10	59	- 98	
woSy	730	104	104	104	- 1	Chirn	1	62	119	115	- 15	FFPdP	.49	7	187	244	- 241	Kutche	1015 u142	13	12	141	- 1	
Bah	23 271	142	141	141	- 1	ChiDwi	22 30	485	161	16	- 16	FFPMgs	.21	2760	264	240	- 240	L	LAGear	264	10	64	- 64	
ncog	1 27 155	234	22	23	+ 1	CinnFa.15	11 28	601	594	60	+ 3	FFPfBk	.72	11	26	331	- 331	L	LSI Lg	164 3588	111	11	- 111	
Wisc	17 236	104	104	105	+ 1	CinTaas	37 309	6391	373	391	+ 3	FFPfHw	.90	11	36	264	- 251	L	LTX	168 6586	211	20	- 203	
Fols.101	15 18	142	142	142	- 1	Cipher	34 684	107	104	104	- 1	FFPfCp	.44	12 2801	162	153	- 153	L	LePetes	36 481	205	205	- 204	
chHi	14 455	177	177	177	+ 1	CircEx	15 321	105	104	105	+ 1	FFPfR	.80	16	821	77	- 76	L	LadFrs	16 17	131	223	- 224	
tre.16	12 674	192	191	191	- 1	CitzScp	1 12 8175	260	276	26	+ 1	FFPfYR	.40	14	416	252	- 254	L	LadIb	20 28	65	35	- 24	
ewg	30 1047	251	23	23	+ 1	CitzSv	68 11	186	213	213	- 1	FFMbs	1	11	217	34	- 33	L	LanDBs	38 1979	16	155	- 155	
pent	1627 143	141	141	141	- 1	ClaSh	10 41	551	551	556	- 1	FFMcm	1,56	19 92	451	454	- 454	L	Lancats	68 18	103	48	- 474	
oBo	882	84	84	85	+ 1	Clausn	26 4	104	103	104	+ 1	FFNbs	.60	11	9	27	- 27	L	LaneDf	1,16	21	103	- 47	
rcates	24 714	134	133	134	- 1	ClarkJ	.35	68	34	33	- 1	FFSec	1,10	56	1484	341	- 304	L	LansCr	27 581	504	491	- 504	
Afri	13 294	124	124	124	- 1	Clou	22 204	211	191	191	- 1	FFTenns	1,16	12	561	349	- 334	L	LawsRv	11 11	12	11	- 112	
kr	1631 15	85	85	85	- 1	CoOpBk	.50	6	34	17	- 17	FFtSfcs	.80	11 2495	271	271	- 271	L	LeDts	26 238	341	33	- 34	
nt	6 190	124	124	124	- 1	CoOpFa	12 22	184	10	10	- 10	FFWfn	.70	9	1371	104	- 101	L	LeTech	36 40	174	17	- 174	
Cart	138 22	94	94	95	+ 1	CoastF	16 104	175	173	175	+ 2	FFxFdl	.10	14	180	35	- 34	L	LinBrdz	16 6889	481	476	- 481	
ontis	6 17	714	714	714	- 1	CobelLb	18 616	26	25	25	- 1	FFxFBk	.48	24 100	231	23	- 23	L	LnRpm	12 91	60	94	- 94	
reel	.66	15 1155	265	265	- 1	CocaBu	.88	x23	32	32	- 1	FFxFer	.04	9	353	47	- 47	L	Liposm	1108 67	54	6	- 6	
l.401	9 427	135	135	135	- 1	Cosur	288 279	279	264	264	- 1	FFxFon	.14	44 2402	234	191	- 191	L	LipCles	.17	31 8116	36	35	- 36
Is	31 110	177	174	174	- 1	Coheren	42 23	205	115	115	- 115	FFxFonA	.14	53 1059	234	218	- 218	L	LongeSr	43 1420	205	193	- 205	
l.22	6 12	89	89	89	- 1	Collagen	42 265	115	115	115	- 115	FFxFonB	.13	53 1059	234	218	- 218	L	LongF	160 11	101	64	- 63	
NVY.450	6 416	19	18	18	- 1	ColFdI	45 561	14	13	14	+ 1	FFxFonC	.20e	8 151	480	387	- 387	L	Lobuss	28 5799	343	334	- 334	
NYpH.181	49 42	22	21	21	- 1	ColGnp	.40	16	188	194	+ 14	FFxFonD	.05	21 2581	57	54	- 54	L	Lowell	30e 10	218	111	- 111	
nts	12 273	175	174	174	- 1	ComCa	12 733	244	244	244	- 1	FFxFonE	.60	10 532	184	174	- 174	L	Lyola	349 154	141	141	- 141	
Om	105 139	27	27	27	- 1	ComCsp	.12	326	24	234	- 1	FFxFonF	.42	20 250	64	61	- 61	L	Lypho	41 2568	254	254	- 254	
IPd	762	145	135	135	- 1	ComCsp	.20	11	47	66	+ 66	FFxFonG	.10	10 101	214	131	- 131	M	M	158 12	112	- 112	- 112	
ent	131 4229	23	23	23	- 1	ComCsp	.23	128	88	86	- 86	FFMBs	.42	20 101	64	65	- 65	M	MBS	45 29451	93	92	- 92	
gan	454 444	32	31	31	- 1	ComCsp	.72	51	33	31	- 31	FFMCs	.130	10 674	497	48	- 48	M	MCI	45 29451	93	92	- 92	
nt	64 504	21	21	21	- 1	ComCsp	.72	51	33	31	- 31	FFMDs	.20	20 181	151	151	- 151	M	MNC	20 181	151	151	- 151	
ass	20 27	21	21	21	- 1	ComCsp	.72	51	33	31	- 31	FFMds	.24	20 25	64	64	- 64	M	MNR	27 255	23	23	- 23	
logi	14 357	127	124	124	- 1	ComCsp	.72	51	33	31	- 31	FFMds	.24	20 25	64	64	- 64	M	MNTx	27 255	23	23	- 23	
drSo	14 504	174	172	172	- 1	ComCsp	.72	51	33	31	- 31	FFMds	.24	20 25	64	64	- 64	M	MNTx	27 255	23	23	- 23	
drew	75 171	164	164	164	- 1	ComCsp	.40	16	587	140	+ 14	FFMds	.24	20 25	64	64	- 64	M	MNTx	27 255	23	23	- 23	
ctics	16 395	234	224	224	- 1	ComCsp	.40	16	843	115	+ 15	FFMds	.24	20 25	64	64	- 64	M	MNTx	27 255	23	23	- 23	
oloC	16 536	104	104	104	- 1	ComCsp	.40	16	843	115	+ 15	FFMds	.24	20 25	64	64	- 64	M	MNTx	27 255	23	23	- 23	
pik	8 135	33	33	33	- 1	ComCsp	.40	16	843	115	+ 15	FFMds	.24	20 25	64	64	- 64	M	MNTx	27 255	23	23	- 23	
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losi	42 844	28	28	28	- 1	ComCsp	.40	16	843	115	+ 15	FFMds	.24	20 25	64	64	- 64	M	MNTx	27 255	23	23	- 23	
hve	13 185	30	30	30	- 1	ComCsp	.40	16	843	115	+ 15	FFMds	.24	20 25	64	64	- 64	M	MNTx	27 255	23	23	- 23	
giv	44 267	112	112	112	- 1	ComCsp	.40	16	843	115	+ 15	FFMds	.24	20 25	64	64	- 64	M	MNTx	27 255	23	23	- 23	
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lk	27 410	400	400	400	- 40	ComCsp	.40	16	843	115	+ 15	FFMds	.24	20 25	64	64	- 64	M	MNTx	27 255	23	23	- 23	
lk.152	25 452	571	564	57	+ 14	ComCsp	.40	16	843	115	+ 15	FFMds	.24	20 25	64	64	- 64	M	MNTx	27 255	23	23	- 23	
ear	1 15 15	261	261	261	- 1	ComCsp	.40	16	843	115	+ 15	FFMds	.24	20 25	64	64	- 64	M	MNTx	27 255	23	23	- 23	
gen	15 15	15	15	15	- 1	ComCsp	.40	16	843	115	+ 15	FFMds	.24	20 25	64	64	- 64	M	MNTx	27 255	23	23	- 23	
edc	47 43	81	81	82	+ 1	ComCsp	.40	16	843	115	+ 15	FFMds	.24	20 25	64	64	- 64	M	MNTx	27 255	23	23	- 23	
Res	211 3	27	27	27	- 1	ComCsp	.40	16	843	115	+ 15	FFMds	.24	20 25	64	64	- 64	M	MNTx	27 255	23	23	- 23	
met	52 10	95	95	95	- 1	ComCsp	.40	16	843	115	+ 15	FFMds	.24	20 25	64	64	- 64	M	MNTx	27 255	23	23	- 23	
TcG	41 583	261	261	261	- 1	ComCsp	.40	16	843	115	+ 15	FFMds	.24	20 25	64	64	- 64	M	MNTx	27 255	23	23	- 23	
Si	110 91	91	91	91	- 1	ComCsp	.40	16	843	115	+ 15	FFMds	.24	20 25	64	64	- 64	M	MNTx	27 255	23	23	- 23	
AD	16 185	332	332	332	- 1	ComCsp	.40	16	843	115	+ 15	FFMds	.24	20 25	64	64	- 64	M	MNTx	27 255	23	23	- 23	
En	16 185	161	161	161	- 1	ComCsp	.40	16	843	115	+ 15	FFMds	.24	20 25										

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FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Dow's recovery consolidated by dollar's poise

WALL STREET

HELPED by calmer foreign exchange markets, Wall Street stocks soared to record levels yesterday, cementing their recovery from losses on Tuesday caused by a plunging dollar, writes Roderick Crum in New York.

The dollar's new-found poise also gave credit markets their first up-swing of the week with the benchmark long bond gaining more than 3% of a point.

The Dow Jones Industrial Average closed up 40.97 points at 2,706.79 breaking its previous record of 2,700.57 set on Monday as investors continued the buying spree they started late in Wednesday's session. Strong from the opening, stocks surged ahead during the afternoon.

Broad market indices participated in the advance with the Standard & Poor's 500 index rising 4.93 to 334.76 and the New York Stock Exchange composite index up 2.6 to 187.04, both breaking records set last week.

NYSE volume was heavy at 196.6m shares with the number of issues advancing outpacing those declining by a ratio of three-to-one.

Among the Dow stocks IBM rose \$2.1 to \$174.4, AT&T added \$1 to \$35, General Motors rose \$1 to \$83.25, Merck gained \$1.4 to \$207.4, Philip Morris advanced \$3.4 to \$106.9 and Eastman Kodak was up \$1.01 to \$101.4.

Oil stocks were ahead despite lower oil prices. Exxon added \$1.2 to \$174.4, Chevron added \$1 to \$83.25, Amoco was up \$1.4 to \$80.7 and Mobil rose \$1 to \$51.4.

Kerr-McGee rose \$2.4 to \$44.4. Buying interest was fuelled by its announcement earlier this week of a major oil discovery in the North Sea, continuing speculation that it is candidate for takeover or restructuring and by analysts' recommendations.

National Distillers & Chemical gained \$3.4 to \$74.4 on rumours that GAF was planning a bid for it. GAF declined to comment and National Distillers said it had no talks with GAF.

Manpower fell \$1.2 to \$78. Investors filed a class action suit against the employment group alleging it was in breach of its fiduciary responsibilities by trying to impede the \$75 a share bid from Blue Arrow of the UK.

Manpower is also considering an acquisition to thwart by Adia, a Swiss employment agency chain, is believed to be one of Manpower's targets. Adia Services, a US affiliate owned 70 per cent by the Swiss parent added \$1.4 to \$29.4 in the over-the-counter market yesterday on light volume.

International Minerals fell \$2.4 to \$47.4. It appeared to be moving closer to spinning off in a stock offering a substantial stake in its IMC Fertilisers Group subsidiary.

Fireside Tire & Rubber added \$1.4 to \$45.4 after reporting net profits for the latest quarter of \$1.02

a share against 61 cents a year earlier.

Southmark, a real estate and financial services group, edged up 5% to 50% despite a dip in fourth quarter profits to 34 cents a share from 45 cents a year earlier.

Actmedia dropped \$4.4 to \$18.4 in heavy over-the-counter trading. It disclosed abortive talks to take over a competitor. In addition, two brokerage houses cut their earnings forecasts for the group which displays advertisements on supermarket shopping carts.

Credit markets benefited from the dollar's return to stability and encouraging comments from senior Japanese officials that the Bank of Japan will continue to intervene in the foreign exchange markets if the dollar falls any further.

The price of the benchmark Treasury long bond finished the session up 7/8 of a point at 99 1/2 yielding 8.83 per cent.

With the dollar holding its ground, market players could turn more attention to the economic figures due out this morning.

Little if any revision is expected in the second quarter gross national product from the preliminary figures of a 2.6 per cent annualised growth rate.

This afternoon, the Federal Reserve will release the minutes of its open market committee meeting in June when it appeared the Fed tried to be a degree more accommodative to the markets in its policies.

If the committee amended its position fractionally at this week's meeting, it almost certainly would have slightly firmed its monetary policy because of the pressure on the dollar.

CANADA

AN ADVANCE on Wall Street helped stocks in Toronto recover their losses of the previous day. Active mid-session trading saw a broad-based recovery, although metals and utilities turned in the smallest gains.

Top active Moore Corp, announced it had been added to the Standard & Poor's 500 index, rose CS1.1 to CS31.2.

Toronto Dominion Bank was up CS1 to CS31.1 after losing CS9 on Wednesday when it raised its reserve against external foreign loans and announced it would post a third quarter loss of CS2.28 a share.

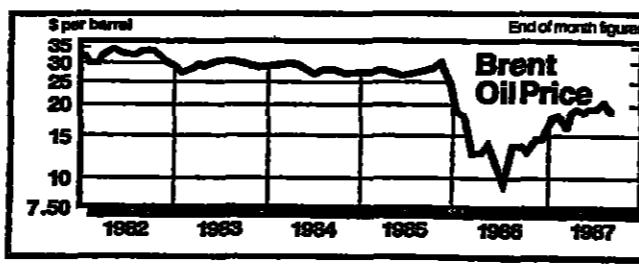
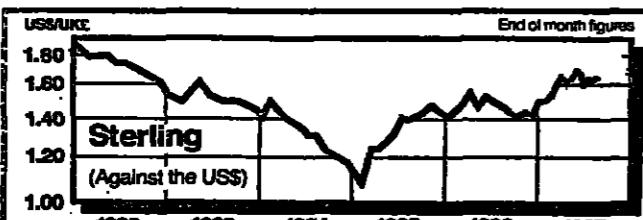
In other banks, Bank of Montreal gained CS3 to CS33.7 and Royal Bank rose CS1 to CS35.

Among golds, Placer Dome added CS1 to CS28.1 in line with a moderate upturn by the group. Against the trend, LAC Minerals lost CS1.5 and International Corona eased CS1 to CS41.

Seagram added CS1 to CS10.4 after raising its quarterly dividend.

Canadian Pacific, whose rail workers returned to their jobs after a brief unauthorised strike, rose CS1 to CS27.4.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Aug 20	Prev. Year ago
DJ Industrials	2,706.79	2,655.82
DJ Transport	1,090.74	1,075.87
DJ Utilities	211.05	209.16
S&P Comp.	334.80	329.16
 LONDON FT		
CS 100	1,700.2	1,712.4
A-A share	1,185.2	2,197.6
A 500	1,227.19	1,234.47
Gold gill	10.05	9.80
Long gilt	135.79	135.41
World Act. Ind.	101.46	101.46
(August 19)		
 TOKYO		
Nikkei	23,359.57	25,239.59
Tokyo SE	2,107.84	2,091.42
 AUSTRALIA		
All Ord.	2,085.2	2,103.1
Metal & Mins.	1,359.6	1,384.9
 AUSTRIA		
Credit Aktion	213.26	214.68
 BELGIUM BE		
	5,342.40	5,388.80
 CANADA		
Toronto	3,343.3	3,332.9
Met & Mins.	3,002.0	3,012.0
Commodities	4,045.5	4,017.0
Montreal	2,025.20	2,004.94
Portfolio	1,505.93	
 DENMARK SE		
SE	(u/c)	211.70
 FRANCE		
CAC Gen	409.80	406.80
Ind. Tendance	105.90	105.10
	95.62	

	Aug 20	Prev.
Silver (spot long)	\$90.00p	478.55p
Copper (cash)	\$1,078.50	\$1,078.00
Coffee (November)	\$1,271.00	\$1,261.00
Oil (Brent Blend)	\$18.35	\$18.55
 GOLD (\$/oz)		
London	\$455.75	\$455.75
Zurich	\$455.75	\$455.75
Pairs (Fwd)	\$457.65	\$457.70
Luxembourg	\$457.00	\$458.05
New York (Dec)	\$465.00	\$465.20

Source: Salomon Brothers * Latest available figures

Money figures rock London

THE ANNOUNCEMENT that UK bank lending rose sharply last month sent equities and government bonds into a steep downward lurch, though both markets recovered some later to close down, but well off the day's lows.

The gilt market was, according to one trader "in near panic at one stage" after the release of the monetary figures, even though it had made a bright start. With some trading houses thought to have large gilt holdings, the steep fall in prices again awakened rumours that a major trader was in trouble.

Long bonds moved above 18.3 per cent as the City feared that the Government would be forced

to push up interest rates. Nerves calmed later, however, and prices eased to close with net falls of 2/4 points. Industrials traded nervously, with those affected by interest rates suffering worst. These included GUS, down 5% to £12.4, and Bass, which lost 15p to 89p.

Oils, however, fared better and BP gained 5% to 352.4p as the group confirmed it would offer its final £7.5bn privatisation sale in October. Clyde Petroleum was 7% higher at 115p and British Up 10 at 314p. Enterprise Oil gained 10 to 288p. Details, Page 30.

bearers were SF11 up at SF12 and Credit Suisse bearers SF20 stronger at SF3.30.

Geneva Life's SF1.650 rose to SF10.450 pulled up insurers. Bearmann-Tetra was SF1.50 higher at SF10.80 on a 44 per cent rise in first-half profits.

Brussels slipped in weak trade. The stock exchange cash index closed down 13.5 at 2,532.43.

Shipper Nedlloyd added F1.9 to F1.81 after revealing better-than-expected results. Paper group Enserchmann-Tetra was F1.50 higher at F10.80 on a 44 per cent rise in first-half profits.

Giant-caps dominated the list of 10 most active stocks, which accounted for 48.8 per cent of overall trading volume on the Tokyo stock exchange.

Stocks advanced Y21 to Y200 and Teijin was up Y25 to Y202.

Exported high-tech issues, which posted large declines on Wednesday, finished slightly lower on small lot selling. Hitachi shed Y10 to Y1.20; Fujitsu lost Y10 to Y1.20 and Matsushita Electric Industrial was off Y30 to Y2.40.

SOUTH KOREAN share prices continued an upward trend with the largest gains in finance and insurance. The composite stock price index moved up 1.81 to 502.24, on a volume of 79,122.

The market reacted calmly to the dollar's slide below Y144 on the Tokyo foreign exchange market. An official at a large securities company said investor optimism was increasing with expectations that the dollar would stop falling against the yen today after a four-day slide.

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which posted large declines on Wednesday, finished slightly lower on small lot selling. Hitachi shed Y10 to Y1.20; Fujitsu lost Y10 to Y1.20 and Matsushita Electric Industrial was off Y30 to Y2.40.

Elsewhere, canneries, foodstuffs and chemicals gained. Prolinex, a unit of South Korean steel giant, rose 1.5% to 1,420.00.

Chemical and pharmaceutical stocks were up across the board, but the largest gains were in finance and insurance. The composite stock price index moved up 1.81 to 502.24, on a volume of 79,122.

The higher volume indicated a cautious and selective return of institutional buying that has been noticeably absent in recent sessions.

Among blue chips, banks were generally steady or narrowly mixed.

Some of the stocks which posted

gains at the start of the month were hardest hit. Transportation issue TNT dropped 3 cents to AS\$1.80. News Corp. shed 60 to AS\$1.40 and Land Lease ended down 30 at AS1.10.

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